



Daily Report

East Asia

FBIS-EAS-96-053
Monday
18 March 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

East Asia

FBIS-EAS-96-053

CONTENTS

18 March 1996

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

APEC Finance Ministers Start 2-Day Kyoto Meeting [KYODO]	1
APEC Ministers Note Importance of Stable Currency Markets [KYODO]	1
APEC Steps 'Closer' To Coordinated Foreign Exchange Action [KYODO]	2
Australia Urges APEC Action on Tax Minimization [THE AUSTRALIAN FINANCIAL REVIEW 18 Mar]	3
Japan's Kubo Addresses News Conference After APEC Meeting [KYODO]	4
APEC Finance Ministerial Meeting in Kyoto Ends 17 Mar [KYODO]	5
'Full Text' of APEC Joint Statement Issued [KYODO]	6

NORTHEAST ASIA

Japan

Japan: MITI Official Comments on Drop in Trade Surplus [KYODO]	11
Tokyo, Washington Agree To Cooperate in Foreign Exchange [KYODO]	11
Japan: MITI Official Criticizes U.S. Trade Stance as Threats [YOMIURI SHIMBUN 16 Mar]	11
Japan: Governor Ota, Foreign Minister Meet on Base Issue [KYODO]	12
Japan: Prospects for Okinawa Base Reduction [CHUO KORON Apr]	12
Japan: MOFA Spokesman Comments on UNSC, PRC, Middle East [Japanese Ministry of Foreign Affairs WWW]	18
Japan: Government, LDP Differ Over Next Round of PRC Yen Loans [NIHON KEIZAI SHIMBUN 17 Mar]	20
Japan: Hashimoto Urges Beijing, Taipei To 'Remain Calm' [KYODO]	20
Japan: PRC's Qian Qichen Scheduled To Visit 31 Mar-3 Apr [YOMIURI SHIMBUN 16 Mar]	21
Japan: SDP Official Discloses DPRK Members Visit [MAINICHI SHIMBUN 16 Mar]	21
Japan: DPRK Intelligence Operations in Japan Viewed [FORESIGHT Dec]	21
Japan: Hashimoto, Cardoso Agree on Bilateral Cooperation [KYODO]	22
Japan: Brazil's Cardoso Addresses Diet, Praises Bilateral Ties [KYODO]	23
Japan: Brazil's Cardoso Reserves Right of Nuclear Development [KYODO]	23
Tokyo To Support Aluminum Project in Brazil [KYODO]	24
Japan: Tsukahara Urges Brazil To Reduce Tariffs on Auto Imports [KYODO]	24
Japan: Brazilian President Gives News Conference [Brasilia Radio]	25
Japan: Group Leaves for Mekong Delta To Probe Business Potential [KYODO]	26
Japan: Hashimoto Urges Cabinet To Support Deregulation Efforts [NIHON KEIZAI SHIMBUN 15 Mar]	26
Japan: Ministries Urged To Come Up With Deregulatory Steps [ASAHI SHIMBUN 15 Mar]	27
Japan: IMF Chief Welcomes Efforts To Settle 'Jusen' Issue [KYODO]	27
Japan: MOF Expected To Let Trust Banks Use Reserves for Bad Loans [KYODO]	28
Japan: Ties of Crime Gangs to Financial World Viewed [EKONOMISUTO Jan]	28
Japan: Hashimoto Studies Appeal to Public on Diet Stalemate [KYODO]	30
Japan: Budget Impasse, Diet Blockage Enter 3d Week [KYODO]	31
Japan: Telecom Ministry Comments on NTT Estimate [KYODO]	32

North Korea

DPRK: Seoul Rally Protests SOFA, U.S. Kwangju 'Manipulation' [KCNA]	32
---	----

DPRK: U.S.-ROK 14-15 Mar Joint Aerial 'War Game' Decried [KCNA]	32
DPRK: Proposal for Peace Mechanism Supported Overseas [KCNA]	32
DPRK: MINJU CHOSON Calls Chon-No Trial 'Political Burlesque' [KCNA]	33
DPRK Paper on 'Just Proposal' for Year of Peace, Unity [KCNA]	33
DPRK: WPK Group Leaves for Funcinpec Party Congress in Cambodia [KCNA]	34
DPRK: Czech Party Leader Receives Visiting WPK Delegates [Pyongyang Radio]	34
DPRK: Russian Ambassador Conveys Russian Policies to Newsmen [KCNA]	34
DPRK: Gathering Held With Officials of Cuban Embassy [KCNA]	34
DPRK: Kim Chong-il Gives Guidance at Cartridge Plant 16 Mar [Pyongyang Radio]	34
DPRK: Kim Chong-il Sees Performance by KPA Studio Artists [Pyongyang Radio]	35
DPRK Daily: Koreans Willing To Share Destiny With Kim Chong-il [KCNA]	36
DPRK: German Business Association Pays Respects to Kim Il-song [KCNA]	37
DPRK Article Explains New DPRK Electricity Law [MINJU CHOSON 24 Feb]	37
DPRK: Further on New Electricity Law [MINJU CHOSON 28 Feb]	38
DPRK Power Industry Ministry Official on Increased Production [Pyongyang Radio]	40
DPRK Paper: Collectivism 'Soul' of Socialist Society [NODONG SINMUN 7 Nov]	40
DPRK Essay Stresses Living, Struggling for Future [Pyongyang Radio]	42

South Korea

ROK: U.S. Envoy Reportedly Makes 'Secret' Contact With Politicians [TONG-A ILBO 16 Mar]	44
ROK: Rally Demands U.S. Reveal Truth About Role in Kwangju [Radio VNS]	45
ROK: U.S.-DPRK Missile Talks Reportedly Proposed for Apr [YONHAP]	45
ROK: U.S. Supports ROK Bid To Join OECD [YONHAP]	45
ROK: U.S. Plans To Lift Additional Economic Sanctions on DPRK [YONHAP]	45
ROK: Richardson Named Head of U.S. Liaison Office in DPRK [YONHAP]	46
ROK: Attempted 1995 Military Coup d'Etat in DPRK Alleged [CHUGAN CHOSON 21 Mar]	46
ROK: Kim Chong-il Reportedly To Assume Top Posts in Fall [Seoul Radio]	48
ROK Public Officials To Attend UN Workshop in Najin-Sonbong [YONHAP]	48
ROK: DPRK Reportedly Suffers From Energy Shortages [Seoul Radio]	49
ROK: CANKHR To Ask UN To Investigate Rights Situation in DPRK [THE KOREA HERALD 17 Mar]	49
ROK: DPRK Military Influence Reportedly Strengthened [CHUNGANG ILBO 18 Mar]	49
ROK President Cautions Public Against DPRK 'Military Adventures' [YONHAP]	49
ROK: DPRK Signs 33 Investment Contracts for Najin-Sonbong Trade Zone [YONHAP]	50
ROK: DPRK SPA Chairman Yang Hyong-sop Profiled [HANGUK ILBO 18 Mar]	50
ROK: New Head of DPRK UN Mission Profiled [CHUNGANG ILBO 17 Mar]	51
ROK: DPRK Diverts Military Provisions to Relief of Flood Victims [TONG-A ILBO 17 Mar]	51
ROK: DPRK-China Trade Down 11.8 Percent in 1995 [YONHAP]	51
ROK: Honam Refinery To Supply Heavy Oil to DPRK [YONHAP]	52
ROK: Two DPRK Defectors Arrive in Seoul Via CIS Nation [YONHAP]	52
ROK Studies Exchanges of N-S Scholars for Dictionary Project [YONHAP]	52
ROK Warns Embassy in PRC of Possible DPRK 'Terrorist' Acts [CHUNGANG ILBO 18 Mar]	52
ROK: PRC Embassy Requests Added Security Against DPRK Terrorism [YONHAP]	53
ROK: PRC To Control Border To Prevent DPRK Defectors' Entry [CHUNGANG ILBO 16 Mar]	53
ROK: Signs of 'Cautious Improvement' in Russia-DPRK Ties Noted [SEOUL SINMUN 15 Mar]	53
ROK Plans To Establish Exclusive Industrial Complex in Russia [The Digital Chosun Ilbo WWW]	54
ROK President Congratulates Yeltsin on New Telecom Network [YONHAP]	54
ROK, Laos Agree on Details of Bilateral Cooperation Accords [YONHAP]	55
ROK, Egypt Sign Agreements on Trade, Investment, Visas [YONHAP]	55
ROK: Asia Motors, Swedish Firm To Produce Military Vehicles [The Digital Chosun WWW]	55

ROK Editorial Urges Government To Mediate PRC-Taiwan Dispute [<i>HANGYORE SINMUN 16 Mar</i>]	55
ROK MND Announces Plan 'To Promote Trust in Army' [<i>HANGUK ILBO 15 Mar</i>]	56
ROK To Increase Frequency of Firing Exercises on Tokto Islets [<i>YONHAP</i>]	56
ROK Lifts Restrictions on Sailing Through Taiwan Strait [<i>YONHAP</i>]	57
ROK Opposition Parties To Make 1992 Election Funds Major Issue [<i>The Digital Chosun Ilbo WWW</i>]	57
ROK Candidates Move To Disassociate Themselves From 'Three Kims' [<i>The Digital Chosun Ilbo WWW</i>]	57
ROK: DP Adviser Claims Kim Tae-chung Collected Political Funds [<i>YONHAP</i>]	57
ROK: NKP Unveils Election Pledges for Metropolitan Area [<i>THE KOREA HERALD 17 Mar</i>]	58
ROK: Requests To Join Candidate Support Groups Resisted [<i>The Digital Chosun WWW</i>]	58
ROK Women Candidates Seen as 'Liability' to Party [<i>THE KOREA HERALD 17 Mar</i>]	59
ROK Ruling, Opposition Parties Campaigning Activities Noted [<i>THE KOREA TIMES 18 Mar</i>]	60
ROK: 'Mudslinging' by Opposition Parties 'Likely' To End Soon [<i>THE KOREA TIMES 18 Mar</i>]	60
ROK: Highlights of Foreign Exchange Control Law Revisions Noted [<i>YONHAP</i>]	61
ROK To Expose Trade, Investment Barriers in U.S., Other Nations [<i>THE KOREA TIMES 16 Mar</i>]	61
ROK: KEDO Executive Board To Meet in New York 18-19 Mar [<i>YONHAP</i>]	62
ROK: Provincial MBC Affiliates Join Strike To Oust President Kang [<i>YONHAP</i>]	62
ROK: ESCAP To Study Construction of Asian Highway, Railway [<i>YONHAP</i>]	62
ROK: NTA To Investigate Foreign Workers Suspected of Tax Evasion [<i>YONHAP</i>]	63
ROK Immigrants Allowed To Take Out More Foreign Currency [<i>The Chungang Ilbo WWW</i>]	63
ROK Tax Administration Takes Measures To Ease Tax Filings [<i>The Chungang Ilbo WWW</i>]	63
ROK: 'Seoul-Inchon International Airport' Name for New Airport [<i>YONHAP</i>]	63
ROK Remains 27th Largest Contributor to UN's PKO [<i>YONHAP</i>]	64
ROK: Anniversary of 1960 Civil Uprising Observed in Masan [<i>YONHAP</i>]	64
ROK: Second Session of Chon-No Trial Opened 18 Mar [<i>YONHAP</i>]	64

SOUTHEAST ASIA

Burma

Burma: Thai Prime Minister, Delegation Arrive in Rangoon [<i>Rangoon Radio</i>]	65
Burma: Thai Prime Minister Begins Historic Official Visit [<i>Melbourne International</i>]	65
Burma: Bilateral Border Trade Agreement Signed With Thailand [<i>Rangoon Radio</i>]	65
Burma: Thai Prime Minister Supports Mandalay Airport Project [<i>THE NATION 18 Mar</i>]	66
Burma: Thai Request for Lifting of Fishing Ban Rejected [<i>THE NATION 18 Mar</i>]	66
Burma: SLORC's Than Shwe, Thai Prime Minister Banhan Hold Talks [<i>Rangoon Radio</i>]	68
Khin Nyunt Calls on Thai Prime Minister Banhan in Rangoon [<i>Rangoon Radio</i>]	68
Burma: Rangoon Orders Karen Allies To Withdraw From Border [<i>BANGKOK POST 18 Mar</i>]	68
Burma: NUP Said Preparing for Next Election [<i>Radio DVOB</i>]	69
Burma: Shan Rebel Groups Hold Meeting To Form New Organization [<i>London International</i>]	69
Burma: KNU Leader Bo Mya Interviewed on KNU-SLORC Talks [<i>London International</i>]	69
Burma: KNU Delegation Leader: Both Sides Must Compromise [<i>THE SUNDAY POST 17 Mar</i>]	70

Brunei, Malaysia & Singapore

Malaysia

Malaysia: ROK Urged To Invest in Small, Medium Industries [<i>Kuala Lumpur International</i>]	71
Malaysia's Mahathir: Australia Visit 'Should Not Be Misconstrued' [<i>SUNDAY STAR 17 Mar</i>]	71
Malaysia: Mahathir Defends Industrialization Program [<i>SUNDAY STAR 17 Mar</i>]	72
Malaysia's Mahathir: Dam Project To Bring Progress to Locals [<i>SUNDAY STAR 17 Mar</i>]	72

Singapore

Singapore Editorial on Need for Asian Information Network [<i>BUSINESS TIMES 18 Mar</i>]	73
--	----

Singapore: Lee Kuan Yew's Operation 'Carried Out Successfully' [Singapore Radio]	74
Singapore: Lee Kuan Yew 'Doing Great' Following Surgery [THE SUNDAY TIMES 17 Mar]	74

Cambodia

Cambodia: Efforts Urged To Deal With Illegal Foreigners [Phnom Penh Radio]	75
Cambodia: KNP 'Extraordinary Congress' Ousts Sam Rangsi [REAKSMEI KAMPUCHEA 16 Mar]	75
Cambodia: Hun Sen Urges Unity Among Political Parties [Phnom Penh Radio]	76
Cambodia: Ranariddh Attends Lao Party Congress 17 Mar [REAKSMEI KAMPUCHEA 17 Mar]	77
Cambodia: Ranariddh To Become Monk in India in May [REAKSMEI KAMPUCHEA 17 Mar]	77
Cambodia: Victories on Sisophon-Poipet Front Reported [Radio PGNUNS]	78
Cambodia: Khmer Rouge Reports Government Losses on Route 10 [Radio PGNUNS]	78

Indonesia

Indonesia: Irian Jaya Rebels Free Hostage; Europeans Still Captive [AFP]	79
Indonesia: Release of Irian Jaya Hostage Confirmed [Jakarta Radio]	79
Indonesia: Hundreds Riot After Arrival of Separatist Leader's Corpse [AFP]	79
Indonesia: Three Killed as 'Thousands' Riot in Irian Jaya [AFP]	79
Indonesia: Independent Election Monitoring Committee Launched [KOMPAS 16 Mar]	80
Indonesia: Bandung Students Urge Cancellation of General Election [INDONESIA Listserv] ..	80

Laos

Laos: Party Chairman Opens Sixth Congress [Vientiane Radio]	81
Laos: Party Congress Expected To Endorse Economic Reforms [THE NATION 18 Mar]	82
Laos: PASASON Editorial Welcomes Opening of Sixth Party Congress [Vientiane Radio]	83

Thailand

Thailand: U.S. Told Not To Interfere in Taiwan [THE NATION 16 Mar]	84
Thailand: Taiwan Envoy Seeks Aid To Ease Tensions With PRC [ZHONG HUA RIBAO 16 Mar]	85

Vietnam

SRV Daily Calls Helms-Burton Bill on Cuba 'Insolent' [VNA]	85
SRV: Tonkin Working Group With PRC Meets; No 'Notable Progress' [VNA]	86
SRV Spokesman 'Regrets' Ranariddh Remarks on Border Issue [Hanoi International]	86
SRV: Do Muoi, Cambodia's Ranariddh Meet in Vientiane [VNA]	87
SRV: NHAN DAN Welcomes Opening of Sixth Lao Party Congress [Hanoi Radio]	87
SRV Ministers Questioned by National Assembly Deputies [Hanoi International]	88
SRV National Assembly Continues To Vote on Cooperatives Bill [Hanoi Radio]	88
SRV Finance Ministry Issues Circular on ASEAN Tariff System [VNA]	88
SRV Officials Mark Debut of Vietnam Steel Corporation [VNA]	89
SRV: Completion of Cement Plant Pushed Up Due to Demand [VNA]	89
SRV: Do Muoi Stresses Industrialization With Local Leaders [Hanoi International]	89

AUSTRALASIA

Australia

Australia Plans To End Policy Limiting Uranium Production [Melbourne International]	91
Australia: Howard Announces Specialist Cabinet Committees [Melbourne International]	91

New Zealand

New Zealand Treasury Figures Show Surplus [THE PRESS 9 Mar]	91
---	----

Solomon Islands

Solomon Islands Government Announces Relations Review [Melbourne International]	91
Solomon Islands Deputy Prime Minister on Malaysian Trade Ties [Melbourne International] ..	91

APEC Finance Ministers Start 2-Day Kyoto Meeting

OW1603103096 Tokyo KYODO in English
0951 GMT 16 Mar 96

[FBIS Transcribed Text] Kyoto, March 16 KYODO — Finance ministers from the Asia-Pacific Economic Cooperation (APEC) forum kicked off their two-day meeting in Kyoto on Saturday [16 March] evening, with discussion focusing on a range of economic and financial issues for the region's sustainable growth.

The meeting, hosted by Japanese Finance Minister Wataru Kubo, began with a reception party held by the governments of the city of Kyoto and Kyoto Prefecture as well as a local business group.

The finance ministers from the 18-member group will discuss regional macroeconomic issues Sunday morning, based on a report prepared by Michel Camdessus, managing director of the International Monetary Fund (IMF), APEC sources said.

They will wind up their two-day event Sunday afternoon with the adoption of a joint statement.

At Friday's news conference in Tokyo, Kubo said, "I want to exchange views (with other APEC finance ministers) on regional economic conditions and ways to achieve stable financial markets."

A Japanese Finance Ministry official said one of the macroeconomic issues the APEC finance ministers will consider is regional efforts to prevent a currency crisis like that in Mexico in late 1994.

The official, however, said, "given that the APEC region is economically and politically diverse, it is unlikely that the finance ministers will immediately agree on a specific regional currency stabilization system."

Japanese officials said the APEC finance ministers are expected to discuss ways to mobilize private-sector funds for infrastructure development projects in the region.

Since large demand for funds is expected for projects to improve roads, ports and other types of infrastructure, it is difficult for public-sector funds alone to cover the demand, they said.

In Washington before leaving for Kyoto, meanwhile, U.S. Treasury Secretary Robert Rubin said he intends to bring up at the Kyoto meeting an economic data disclosure standard recently drafted by the IMF.

Enhanced public data disclosure by Japanese officials has been also demanded by private financial-sector leaders to prevent a Mexican-style currency crisis and attract private capital for infrastructure development.

The Kyoto meeting, the third of its kind, follows meetings in Honolulu, Hawaii, in March 1994 and in Bali, Indonesia, in April 1995.

The 18 members of APEC are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

The region accounts for nearly half of the world's merchandise trade.

APEC Ministers Note Importance of Stable Currency Markets

OW1703055396 Tokyo KYODO in English
0526 GMT 17 Mar 96

[By Yoichiko Kosukegawa]

[FBIS Transcribed Text] Kyoto, March 17 KYODO — Finance ministers from the Asia-Pacific Economic Cooperation (APEC) forum agreed on the importance of stable currency markets to the region's sustainable growth at a Sunday [17 March] morning session of their two-day meeting in Kyoto.

Japanese Finance Minister Wataru Kubo, who chaired the meeting of the ministers from APEC's 18 economies, said stable foreign exchange markets are important for the growth of the whole APEC region, Japanese officials told reporters.

U.S. Treasury Secretary Robert Rubin welcomed the dollar's recent firmness against the yen. He said the dollar-yen exchange rate has been improving, according to the officials.

Michel Camdessus, managing director of the International Monetary Fund, who submitted reports on each APEC economy, said exchange rates have become more consistent with economic fundamentals, the officials said.

Commenting on conditions in APEC member economies, Camdessus said the IMF has revised its estimate for Japan's real economic growth in 1996 to 2.5 percent from 2.2 percent, the officials said.

The Japanese economy is recovering on the back of pump-priming measures and the correction of the yen's appreciation against the dollar, Camdessus was quoted as saying.

He also called for more disclosure of economic data as a task for APEC members, saying the issue was under discussion at the IMF, the officials said.

Camdessus also stressed the need for cooperation over "preemptive action" against sudden movements of capital, advising "adequate resources" for cases of emergency, they said.

The IMF chief, however, did not give details, the officials said.

Kubo, meanwhile, briefed other participants about Japan's efforts to try to resolve the bad loan mess at seven troubled "jusen" mortgage companies, the officials said.

The APEC finance ministers' talks began Saturday evening with reception party.

In the Sunday afternoon session, the ministers will discuss capital market development and ways to mobilize private-sector funds for infrastructure development projects.

The finance ministers will end their two-day event in the ancient Japanese capital with the adoption of a joint statement.

The 18 members of APEC are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, The Philippines, Singapore, Taiwan, Thailand and the United States.

The Kyoto meeting, the third of its kind, follows meetings in Honolulu, Hawaii, in March 1994 and in Bali, Indonesia, in April 1995.

APEC Steps 'Closer' To Coordinated Foreign Exchange Action

*OW1703141996 Tokyo KYODO in English
1246 GMT 17 Mar 96*

[By Yoichi Kosukegawa]

[FBIS Transcribed Text] Kyoto, March 17 KYODO — A meeting of finance ministers from Asia-Pacific economies in Kyoto marked a step toward regionwide coordinated action to stabilize currency markets.

The finance ministers from the 18-member Asia-Pacific Economic Cooperation (APEC) forum endorsed emerging moves in the region to seek closer cooperation in foreign exchange markets.

A joint statement, adopted Sunday [17 March] by the ministers at the end of their two-day meeting, said they "welcome the ongoing initiatives for enhancing cooperation among monetary authorities in the APEC region."

At a joint press conference after the meeting, U.S. Treasury Secretary Robert Rubin said stable exchange

rates should be attained basically through "sound" macroeconomic policy.

Rubin, added, however, that cooperation to stabilize currency markets in the region was increasing.

The issue of currency coordination has been drawing greater attention in the region, particularly after a wild swing in early 1995 in yen-dollar trading, the core of regional currency transactions.

In April 1995, the dollar took a 20 percent plunge and dropped below 80 yen, hitting postwar global lows.

The top financial officials of the Group of Seven (G-7) nations issued a statement in April last year, calling for an "orderly reversal" of the dollar's excessive weakness.

Rapidly growing Asian economies are concerned that such volatile foreign exchange rates could pose threats to their sustainable growth.

In addition, many countries in the Asia-Pacific region hold yen-denominated loans from Japan.

If the value of the yen rises against the dollar, their debts swell in terms of their national currencies, which are virtually pegged to the dollar.

At the joint news conference, the APEC finance ministers did not specify initiatives for closer cooperation in currency markets.

A Japanese Finance Ministry official, however, said the ministers apparently had in mind a series of foreign exchange arrangements signed by Asian nations on a bilateral basis.

In February, monetary authorities in Hong Kong and Singapore agreed with Japan that, if asked by Tokyo, they will intervene in dollar-yen transactions in their respective markets.

Japan previously concluded a similar currency market intervention accord with Australia.

A Japanese official said, "Japan wants to cultivate similar relationships with other Asia-Oceania nations."

"At a time when other Asia-Pacific economies have an increasing influence on the market, it is important for Japan to keep contact and exchange information with them and take joint action in the market if necessary," he said.

Hong Kong signed so-called repo, or repurchase, agreements with Australia, Indonesia, Malaysia and Thailand in November last year on a bilateral basis.

The accord allows their central banks to borrow U.S. Government securities from each other, use them to

bolster foreign currency reserves and mobilize those reserves to protect their currencies.

Hong Kong Treasury Secretary K.C. Kwong said the territory is seeking a repo agreement with Japan.

"Obviously, we will be interested in discussing with the Japanese authorities the possibility of a repo arrangement because we do see that these arrangements will be helpful to...both sides," Kwong said.

Takatoshi Kato, Japan's vice finance minister for international affairs, said, "Japan is aware that Asian monetary authorities have concluded repo arrangements and is now closely watching how they proceed."

Another initiative now surfacing for closer cooperation on foreign exchange markets is an Asia-Pacific version of the Bank for International Settlements (BIS). The Basel-based BIS serves as a central bank for the world's central banks.

Last September, Bernie Fraser, chief of the Australian Central Bank, proposed that a regional organization for cooperation among Asia-Pacific central banks be established along the lines of the BIS.

Despite the trend toward coordinated foreign exchange action in the region, analysts say it is uncertain whether current bilateral arrangements will develop into a regionwide framework for stable currency markets, like the European Monetary System.

A Japanese Finance Ministry official said, "given that the APEC region is economically and politically diverse, it is unlikely that the APEC members will immediately agree on a specific regional currency stabilization system."

APEC's "flexible" and "voluntary" approach would stand as a major stumbling block to regionwide coordinated currency action, analysts said.

Australia Urges APEC Action on Tax Minimization

BK1803040196 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 18 Mar 96

[Report by correspondent Tony Boyd in Kyoto — received via internet]

[FBIS Transcribed Text] The federal treasurer, Mr. Peter Costello, has called a meeting of APEC [Asia Pacific Economic Cooperation forum] and OECD [Organization for Economic Cooperation and Development] countries in Australia later this year to crack down on tax minimisation by international companies using transfer pricing.

Speaking at the APEC finance and treasury ministers' meeting in Kyoto, Mr. Costello yesterday invited senior

officials to discuss the controversial transfer pricing issue as part of a symposium on regional business taxation in Sydney.

Tax avoidance by global companies through the use of transfer pricing has already emerged as a major issue of conflict between the APEC countries, with the United States and Japan now involved in several disputes.

A transfer price is a charge on goods and services traded between countries within a multinational company. Tax can be avoided by charging a lower price on exports from high-tax countries than that paid by the final user in countries applying lower taxes on profits.

The Australian Taxation Office [ATO] has recently prepared onerous new transfer pricing rules that will cement Australia's place among the world's strictest regimes.

The ATO's hard-line stance reflects that of the US revenue authorities, which last year challenged several Japanese multinationals. Doubts about the new coalition government's commitment to Asia were dramatically dispelled yesterday when the APEC forum endorsed an Australian proposal to reform regional tax systems.

The reaffirmation of the commitment to Asia was received enthusiastically by APEC members, with several offering invitations to Mr. Costello for him and the prime minister, Mr. John Howard, to visit their countries.

Mr. Costello, who refused to say who had issued the invitations, said he would not be taking up the offers because of the job he faced at home.

Mr. Costello's comments were made after the managing director of the International Monetary Fund, Mr. Michel Camdessus, raised concerns at the meeting about five APEC countries with current account deficits above 3.25 per cent of their GDP - of which Australia is one.

Officials said Mr. Camdessus told the meeting, which was closed to the media, that these countries needed to tighten fiscal and monetary policy.

According to revised forecasts, Australia's current account deficit for 1995-96 is estimated at \$21 billion [Australian dollars], or 4.5 per cent of GDP.

Mr. Costello used the meeting and a series of bilateral meetings with APEC finance ministers to reaffirm Australia's commitment to APEC.

"We view this APEC forum as a key forum for Australia," Mr. Costello said last night after the meeting. "Personally, for the new government in Australia it was an opportunity to underline the importance we put

on APEC as a forum and we put on the Asia-Pacific region. On behalf of John Howard, prime minister in the new government, I took the opportunity to underscore with the finance ministers that were present today and yesterday in bilaterals the importance that we place on APEC and the importance that we place on developing close relationships in the region."

The meeting endorsed efforts by all participants to encourage the mobilisation of savings and improve capital flows, and concluded that the best way to do this was through "sound macro-economic policies".

Mr. Costello said there would be no change of direction in the government's attitude to APEC, "but what I would say is that as time goes by and as APEC develops, under our administration the relationships will become stronger."

In a comment which appeared to directly rebut comments made by the former Prime Minister, Mr. Paul Keating, the Treasurer said he hoped to establish personal relationships, as well as country-by-country relationships, in the region.

The APEC Finance Ministers meeting was given an upbeat review of the world economy by Mr. Camdessus, who said the IMF had upgraded its growth prospects for Japan from 2.2 per cent to 2.5 per cent.

In a bilateral meeting with Mr. Costello, Mr. Camdessus said, "This is the best region in the world ... I don't see the subdued growth of Europe — you are a very lucky region".

Mr. Costello said it was because of Australia's current account deficit that "we have announced a very ambitious program of fiscal consolidation. We don't underestimate the difficulty."

Japan's Kubo Addresses News Conference After APEC Meeting

OW1703111496 Tokyo KYODO in English
1057 GMT 17 Mar 96

[By Yoichi Kosukegawa]

[FBIS Transcribed Text] Kyoto, March 17 KYODO — Finance ministers from the Asia-Pacific region Sunday [17 March] welcomed the dollar's recent strength and called for further efforts toward coordinated action to stabilize currency markets.

In a joint statement adopted at the end of a two-day meeting in Kyoto, the finance ministers said, "although there had been a large fluctuation in exchange rates which did not reflect economic fundamentals, the process of orderly reversal began in the summer last year."

"We welcome this development," said the ministers from the 18-member Asia-Pacific Economic Cooperation (APEC) forum, which accounts for nearly half of global merchandise trade.

The statement also said the ministers "welcome the ongoing initiatives for enhancing cooperation among monetary authorities in the APEC region."

At a news conference after the meeting, Japanese Finance Minister Wataru Kubo said, "the yen-dollar rate is still in the orderly reversal process." "The APEC ministers shared the view that the foreign exchange market is going in the right direction."

On coordinated foreign exchange action in the region, U.S. Treasury Secretary Robert Rubin said stable exchange rates should be attained basically through "sound" macroeconomic policy.

Rubin, added, however, that cooperation to stabilize currency markets in the region was increasing.

In late April 1995, the dollar took a 20 percent plunge against the yen and slipped below 80 yen. This sparked concerns that such wild swings in yen-dollar trading, the core of regional currency transactions, could pose threats to sustainable growth in the region.

The top financial officials of the Group of Seven (G-7) nations issued a statement in late April last year, calling for an "orderly reversal" of the dollar's excessive weakness.

The dollar regained the 100-yen mark in late 1995, and has been stable at levels around 105 yen since the beginning of this year.

In the Asia-Pacific region, meanwhile, moves toward coordinated foreign exchange intervention have been gathering speed.

In February, monetary authorities in Hong Kong and Singapore agreed with Japan that, if asked by Tokyo, they will intervene in dollar-yen transactions in their markets.

Australia, Hong Kong, Indonesia, Malaysia and Thailand have signed repurchase arrangements enabling their central banks to borrow U.S. securities from each other and to boost their foreign currency reserves should they need to deploy them to protect their currencies.

The APEC ministers who gathered in the ancient Japanese capital also endorsed efforts by the International Monetary Fund (IMF) to cope with an emergency in financial markets like that in Mexico in late 1994.

In their joint statement, the ministers supported the IMF's proposed emergency financing mechanism to

respond rapidly when members face crises, as well as the doubling of the so-called General Arrangements to Borrow (GAB) to about 50 billion dollars.

The GAB, created to provide the IMF with supplementary cash in an emergency, is now controlled by the G-7 nations as well as Sweden, Belgium, the Netherlands and Switzerland.

A number of cash-rich Asian nations are seen as potential donors to the enlarged GAB.

The Kyoto meeting began Saturday evening with a reception party and entered into discussions Sunday morning on regional macroeconomic issues, based on the report prepared by IMF Managing Director Michel Camdessus.

In a bid to prevent a Mexican-style currency crisis and lure more investment to the region, the APEC finance ministers welcomed the IMF's efforts to develop an enhanced public disclosure standard for economic data.

"We call for an endorsement on this issue to be made at the April interim committee and pledge our efforts to work toward early implementation of the standard," the joint statement said.

The ministers also agreed on the need to "mobilize private resources in fields where the market mechanism can better achieve efficient provision and operation of infrastructure."

Since the region faces huge demand for funds to finance projects to improve roads, ports and other types of infrastructure, it is difficult for public-sector funds alone to match needs. The APEC members are now looking for ways to use private money for infrastructure development.

The statement also said the ministers instructed their working group to develop a framework for establishing a computerized communication network for better information sharing about macroeconomic and financial developments and policies.

The Kyoto meeting, the third of its kind, follows meetings in Honolulu, Hawaii, in March 1994 and in Bali, Indonesia, in April 1995. The next meeting will be held in the Philippines.

The 18 members of APEC are Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

APEC Finance Ministerial Meeting in Kyoto Ends 17 Mar

OW1703075796 Tokyo KYODO in English
0742 GMT 17 Mar 96

[FBIS Transcribed Text] Kyoto, March 17 KYODO — Asian-Pacific finance ministers called Sunday [17 March] for developing a system to prevent wild currency fluctuations, at the end of a two-day meeting in Japan's ancient capital of Kyoto.

In the communique issued after the meeting, the ministers from the 18 member economies of the Asia-Pacific Economic Cooperation (APEC) forum welcomed the orderly reversal of the dollar-yen exchange rate that began last summer.

The importance of currency stabilization systems was driven home by the 1994 liquidity crisis in Mexico.

The APEC ministers hailed ongoing initiatives to step up partnerships among APEC monetary authorities regarding exchange rate stabilization.

Hong Kong and Singapore, for instance, agreed in February to intervene in dollar-yen trading in their local markets at the request of Japanese monetary authorities.

Australia, Hong Kong, Indonesia, Malaysia and Thailand have signed repurchase agreement contracts enabling their central banks to borrow U.S. securities from each other and to boost their foreign reserves should they need to deploy them to protect their currencies.

The ministers proposed introducing a computerized communications network linking APEC finance ministries for mutual information exchange on macroeconomic and financial developments and policies.

They also agreed it is desirable to tap private-sector funds to finance huge demand for social infrastructure development in the region. To that end, member economies need to broaden and deepen their domestic capital markets, the ministers said.

The Philippines will host the next meeting of APEC finance ministers in 1997, they said.

In the Sunday morning session of the meeting, Michel Camdessus, managing director of the International Monetary Fund (IMF), filed reports on the APEC member economies.

Camdessus said the IMF now estimates Japan's real economic growth at 2.5 percent, compared with the previously forecast 2.2 percent. Japan's economy is recovering thanks to pump-priming measures and the recent correction in the yen's rise against the dollar, he said.

The IMF chief noted that regional cooperation is necessary to preempt abrupt capital flows, given what happened when Mexico fell into a liquidity crunch in 1994.

U.S. Treasury Secretary Robert Rubin noted that the dollar's uptrend against the yen is taking hold. The dollar-yen market has been improving, he said.

Japanese Finance Minister Wataru Kubo vowed to steadily implement a controversial taxpayer-financed plan to dissolve the nation's seven ailing home mortgage lenders, saying he will handle the matter with due consideration for its international impact.

'Full Text' of APEC Joint Statement Issued

OW1703080996 Tokyo KYODO in English
0758 GMT 17 Mar 96

[FBIS Transcribed Text] Kyoto, March 17 — The following is a full text of a joint statement issued Sunday [17 March] at the end of a two-day meeting of finance ministers from 18 members of the Asia-Pacific Economic Cooperation (APEC) forum:

1. We, the APEC finance ministers met today in Kyoto, Japan, to discuss broad economic challenges facing the region, including the pursuit of regional growth in the context of macroeconomic and financial stability. This is the third meeting since the APEC economic leaders called for our consultations at their meeting in 1993. The economic leaders urged a continuation of our consultations at their meeting in Osaka in November 1995. We are committed to doing our part to support the leaders' goal of promoting the free flow of goods, services and capital in the region.

2. We exchanged views on four topics: current macroeconomic issues, financial and capital markets, mobilizing resources for infrastructure development, and the effects of exchange rate movement on trade and investment. The managing director of the International Monetary Fund (IMF) joined our discussion of macroeconomic issues. The IMF, the International Finance Corporation, the Asian Development Bank (ADB) and the APEC financiers made valuable contributions in the preparatory process for our discussions.

3. As a result of our discussion, we made the findings attached to this statement and agreed on several initiatives in critical areas. The APEC finance ministers' findings, Kyoto 1996, will broadly guide our voluntary efforts in pursuing key policy objectives of stable capital flows, domestic financial and capital market development, and mobilizing private resources for infrastructure development.

Current Macroeconomic Issues

4. The pace of economic growth in the APEC region continues to be stronger than that of other regions. Particularly noteworthy is the strong growth in most of the emerging economies in the region. Increases in intra-regional trade and foreign and domestic investment are both robust. Where there is potential overheating, policy-makers need to respond appropriately by a mix of restrained macroeconomic policies. We believe that maintaining the good record of economies in the region for fiscal prudence should go hand in hand with the effective responses to social needs in our economies.

5. Under the circumstance of sustained growth, the trade volumes in the APEC region are estimated to have expanded significantly last year. The growth of intra-regional trade exceeded that of overall trade. Although there had been a large fluctuation in exchange rates which did not reflect economic fundamentals, the process of orderly reversal began in the summer last year. We welcome this development.

6. Capital flows into regional emerging markets have generally resumed in 1995, after market disturbances in the first part of the year. This fact indicates that continued strong economic performance backed by prudent macroeconomic policies was rewarded by favorable response of financial and capital markets. We renewed our common recognition of the significance of sound macroeconomic policies in contributing to stable capital flows and exchange rates, and ensuring sustainability of the dynamic development in the region.

Financial And Capital Markets

7. A key factor affecting recent international capital flows has been the progressive integration of emerging markets into the global financial and capital markets. Capital can be expected to continue to flow into emerging markets over the longer term and benefit these economies. We observed that generally, capital flows to APEC economies have made a significant contribution to growth in these economies. Capital flows were primarily driven by sound domestic economic policies and favorable economic conditions.

8. At the same time, we recognized that there are clearly macroeconomic and financial risks, especially if flows reflect distorted incentives or unsustainable imbalances. We noted that vigorous efforts have been made in the international fora to properly address potential financial problems, following disturbances in global financial markets last year. We welcome the efforts of the IMF in establishing the emergency financing mechanism which would strengthen the ability of the IMF to respond rapidly in support of members facing a

crisis, as well as the ongoing work to develop financing arrangements to double the amount currently available under the General Arrangements to Borrow (GAB). We also welcome that work will be going forward on the 11th review of IMF quotas, including appropriate adjustments to take into account changes in the relative position of members' economies, to ensure that the IMF has sufficient ordinary resources for future operations.

9. Policies contributing to stable capital flows and fostering domestic financial and capital market development are of particular importance for us. In this context, we identified three broad policy priorities: 1) maintaining an appropriate macroeconomic policy mix; 2) promoting high savings rates and restraints on public sector borrowing as essential factors in good debt management; and 3) fostering further development and integration of capital markets to intermediate savings effectively and expand the array of investment options available to include some with longer maturities. If properly managed, market risks need not diminish the substantial benefits that come with increased access to international capital.

10. We recall that we urged last year that recommendations be developed on increasing the public availability of economic and financial information. We welcome the efforts currently under way in the IMF to develop a more demanding public disclosure standard for economies participating in international financial markets. We call for an endorsement on this issue to be made at the April interim committee and pledge our efforts to work toward early implementation of the standard.

11. We also endorse the objective of achieving prudential supervision and regulation of financial markets in conformity with the international standards and encourage the deepening of cooperation among regulators in the region concerning the development of regulatory principles and practice, and enhanced market surveillance. We intend to review these cooperative efforts at our next meeting.

12. We continue to recognize moneylaundering as a priority concern and one which could threaten legitimate institutions and economic policies. We endorse established international cooperative work and encourage adherence to international standards in the anti-moneylaundering field as well as ongoing regional efforts including the one in the context of financial action task force toward enhanced cooperation in this area. We will be briefed regularly on progress made toward improved international and regional cooperation.

Mobilizing Resources for Infrastructure Development

13. Dynamic economic development will continue in the region in the medium term and generate huge demand for infrastructure development. There is a compelling need to mobilize private resources and to achieve coordination of public and private resources for infrastructure development. We noted that the public sector has increasingly assumed a role as facilitator, whereas the private sector has assumed a more prominent role in provision of infrastructure services. Private resources often have the advantage of increased efficiency. We concluded that it is desirable to mobilize private resources in fields where the market mechanism can better achieve efficient provision and operation of infrastructure.

14. To this end, the development of financing techniques which channel private savings to investment in infrastructure is critically important. Particularly noteworthy is the need to deepen and broaden domestic capital markets, in order to improve the mobilization of domestic savings and better accommodate huge infrastructure investment requirements in the APEC region.

15. Prudent macroeconomic management and, in many cases, regulatory and institutional changes are also necessary to attract private investment in infrastructure development. The International Financial Institutions (IFIs) are expected to play a vital role in catalyzing sectoral reforms and private investment. We recognize that the IFIs should be provided with necessary support and adequate resources to enable them to fulfill their roles.

Effects of Exchange Rate Movement of Trade and Investment

16. Short-run nominal exchange rates are affected by such a wide range of factors that it is extremely difficult to find one model that adequately explains their movements. In the longer-run, however, it is possible to discern trends. In particular, nominal exchange rates tend to move broadly in parallel with ratios of national price levels. Given that this relationship does not always hold in the short-run, real exchange rates can deviate from their long-run trends.

17. We observed that in general, there are two types of deviations from long-term trend: volatility, or a temporary deviation of real rates from trends that is quickly reversed; and a deviation that tends to persist over months or years. While volatility is, more or less, a feature of asset market prices, persistent deviation, on the other hand, is more likely associated with policy-induced imbalances (misalignment) or medium-run changes of terms of trade. In this regard, it should be

noted that it is very difficult to identify ex-ante whether a particular currency movement should be characterized as either temporary or persistent.

18. We noted the finding of various studies that the weight of evidence points to a relatively small direct effect of short-term exchange rate volatility on trade. In contrast, medium-term deviations in the real exchange rate do have significant effects on trade. Increased foreign direct investment inflows may follow a depreciation if the new level of exchange rate is viewed as sustainable.

19. We stress that in order to address real exchange rate misalignment, the key role for policy-makers is to put in place sound macroeconomic policies. Such policies need to control inflation and address both internal and external balances in accordance with the macroeconomic needs of each economy. Prudent macroeconomic policies will benefit not only the adopting economy but all other APEC economies through improved stability in economic and financial inter-relationships.

20. In this connection, we express our support for the IMF's efforts toward enhancing multilateral surveillance and welcome the ongoing initiatives for enhancing cooperation among monetary authorities in the APEC region.

Other Issues

21. Tax issues are important in the context of the development of international trade and investment within the APEC region. In this regard, we support the Australian initiative to hold a symposium on international business taxation issues in cooperation with the OECD. Further progress in concluding bilateral tax treaties in the region will also facilitate trade and investment linkages.

22. We remain resolved to contribute to the overall APEC effort to pursue trade and investment liberalization and facilitation. In particular, as many of us have responsibility for customs matters, we welcome the tangible achievements of harmonizing and simplifying customs procedures included in the Osaka Action Agenda. We encourage our customs authorities to continue their efforts through steadily implementing their action program, with appropriate technical assistance.

Future Meetings and Activities

23. In order to advance our discussions, we ask the working group, in conjunction with its work on macroeconomic and exchange rate issues, to undertake a regional effort to share experiences on policies, reforms, liberalizing measures, and other actions which will be taken in line with the APEC finance ministers' findings Kyoto 1996 to promote financial and capital market de-

velopment and facilitate private financing for infrastructure development. This sharing of experience will help us to identify the most successful policies and strategies. We call on the ADB to continue to provide useful input to support this effort.

24. We also commission the working group to develop a framework for establishing a computerized communication network among our finance ministries to facilitate the improved information sharing about macroeconomic and financial developments and policies.

25. The report by the APEC financiers added valuable insights to our deliberation on the issues of public information disclosure and infrastructure development. We encourage them to continue their efforts.

26. We express our appreciation for the hospitality extended by Japan. We look forward to meeting again next year in the Philippines and hope to continue our consultations on macroeconomic issues, financial and capital markets, mobilizing resources for infrastructure development, and exchange rate movements.

27. Finally, we will report to the APEC economic leaders again on the activities of the APEC finance ministers meeting, on the occasion of their next meeting this year in the Philippines.

Appendix

The following findings are relevant common points, which emerged after deliberations on the three key policy issues of stable capital flows, domestic financial and capital market development, and mobilizing private resources for infrastructure development. The findings are intended to broadly guide each APEC member's voluntary efforts to strengthen its economic and financial conditions.

Financial and capital markets

policies contributing to stable capital flows

1) capital inflows supported by sound economic policies along with financial and capital market development have contributed significantly to overall regional economic growth.

2) there are macroeconomic and financial risks associated with large and abnormal capital inflows, especially if these flows reflect distorted incentives or unsustainable imbalances.

3) if properly managed, such risks need not diminish the substantial benefits that come with increased access to international capital in any significant way.

4) it is important that every effort be made to ensure that sound economic conditions prevail. A set of basic economic conditions which each of APEC member economy would aspire to achieve or maintain includes: noninflationary growth, fiscal prudence, sustainable external balance and appropriately valued exchange rate, and deep and broad financial and capital markets.

5) managing the macroeconomic effects of large capital inflows requires flexible implementation of appropriate and feasible mix of several policy options: including intervention with sterilization, other forms of monetary control, fiscal restraint, and suitable exchange rate regime.

6) High savings rates and restraints on public sector borrowing have been critical factors in successful debt management in much of the region.

7) Further capital market development must be a priority to intermediate these domestic savings effectively and to expand the array of investment options available to both domestic and foreign investors, including assets with longer maturities.

8) Effective prudential regulation and supervision can play an important role in promoting business behavior which avoids putting banks balance sheets at risk, for example, during periods of large and abnormal capital inflows.

9) The regional experience with capital controls is too diverse to provide definitive assessment. But in any case, controls impose economic costs, and should not be viewed as a substitute for sound macroeconomic policies, strong prudential regulation and supervision, and an active effort to promote capital market development. Limiting the duration of controls and acceleration of liberalization efforts are generally desirable.

Policies fostering domestic financial and capital market development

1) Active and healthy financial and capital markets need to be developed for further advancement of APEC economies. Toward this end, market-oriented policies which promote domestic savings and expand domestic investor base should be pursued.

2) In determining how to promote the development of domestic markets, policy-makers can benefit from communication with the private sector and with officials from other APEC economies.

3) The International Financial Institutions (IFIS) including the International Finance Corporation and the Asian Development Bank have been actively involved in capital market development in developing economies in the region. They can continue to play an important role in

fostering sound growth of capital markets of the APEC region.

4) Policy-makers should consider establishing a legal and regulatory framework which fosters disclosure and competition based on market conditions, and clearly defines the roles of various institutions, taking actions which promote both the demand for, and supply of assets for investment, especially institutional investment educating the public about savings options and necessary points for consideration, and enhancing expertise and developing human resources.

5) Regulatory and supervisory policies should be pursued to ensure fairness, efficiency and investor protection in the markets. Liberalization and prudential regulations complement one another.

Mobilizing resources for infrastructure development

1) There is a compelling need to mobilize private resources. The public sector has increasingly assumed a role as facilitator, whereas the private sector has assumed a more prominent role in provision of infrastructure services.

2) In exploring areas where the private sector could play further role, such factors need to be considered: technological advances, advancements in knowledge and experience, sensitivity to the potential macroeconomic consequences of public financing, and the efficiency and dynamism of the private sector.

3) Private resources often have the advantage of increased efficiency. It is desirable to mobilize private resources in fields where the market mechanism can better achieve efficient provision and operation of infrastructure.

4) The development of financing techniques which channel private savings to investment in infrastructure is critically important.

5) Particularly noteworthy is the need to deepen and broaden domestic capital markets, in order to improve the mobilization of domestic savings and better accommodate huge infrastructure investment requirements in the APEC region.

6) Prudent macroeconomic management and, in many cases, regulatory and institutional changes are necessary to attract private investments in infrastructure development.

7) The authorities of recipient economies have a responsibility for improving the domestic business environment through, inter alia, improving infrastructure planning and coordination, establishing simplified and more transparent procedures for private sector participation,

privatizing or restructuring state-owned firms, promoting domestic financial markets, and providing the appropriate regulatory and legal frameworks. An improved business environment will facilitate promotion of private sector investments including foreign direct investments.

8) The IFIS are expected to play a vital role in catalyzing sectoral reforms and private investment by provid-

ing technical assistance to host economies, and through complementary financing schemes and guarantee facilities. The IFIS should be provided with necessary support and adequate resources to enable them to fulfill their roles.

Japan

Japan: MITI Official Comments on Drop in Trade Surplus

OW1803064496 Tokyo KYODO in English
0617 GMT 18 Mar 96

[FBIS Transcribed Text] Tokyo, March 18 KYODO — Japan's trade figures for February confirm its trade surplus has continued to decrease due to structural factors, a top official of the Ministry of International Trade and Industry said Monday [18 March].

The nation's February merchandise trade surplus fell 46 percent from the same month in 1995 to \$6.13 billion on a customs-cleared basis before adjustment for seasonal factors.

"The deficit for January's international balance of payments and the decline in February's trade surplus point to a structural improvement in Japan's trade imbalance," said Vice MITI Minister Tomio Tsutsumi.

U.S.-bound auto exports are falling, reflecting Japanese automakers' shift of production to foreign countries, Tsutsumi said.

He also cited growing imports of finished goods as an example of structural change.

The downward trend in the trade surplus "is unlikely to change dramatically because it is structurally driven," Tsutsumi said.

Tokyo, Washington Agree To Cooperate in Foreign Exchange

OW1603104996 Tokyo KYODO in English
1019 GMT 16 Mar 96

[FBIS Transcribed Text] Kyoto, March 16 KYODO — Japanese Finance Minister Wataru Kubo and U.S. Treasury Secretary Robert Rubin agreed Saturday [16 March] that their countries will further cooperate with other group of seven industrial nations in achieving stable currency markets, Japanese officials said.

During a one-hour meeting in Kyoto, they stressed the need for Japan and the United States to continue to closely cooperate in exchange markets in line with previous G-7 commitments, the officials said.

The agreement is taken to indicate the two countries' endorsement of the dollar's recent strength against the yen.

The central bank chiefs and G-7 finance ministers agreed to take concerted action for "an orderly reversal" of the dollar's excessive weakness against the yen in the previous gatherings last year.

Rubin and Kubo met shortly before a conference of finance ministers from the Asia-Pacific Economic Cooperation (APEC) forum in this ancient Japanese capital.

On the bad-loan mess at Japan's housing loan companies, Rubin said he hopes Tokyo will settle the issue as quickly as possible, according to the Japanese officials.

The comment came after Kubo explained in detail about the government's plan to liquidate the seven failed mortgage loan companies to try to stabilize Japan's financial sector, the officials said.

Kubo apparently sought Washington's appreciation of the domestically unpopular scheme, which involves the use of public money to clear up huge bad loans gripping the housing lenders.

On foreign access to Japan's insurance markets, Kubo and Rubin exchanged views but the Japanese officials remained tight-lipped about the contents.

This is the second meeting between Kubo and Rubin. They first met in Paris in January shortly after Kubo took the finance position in Prime Minister Ryutaro Hashimoto's cabinet.

Japan: MITI Official Criticizes U.S. Trade Stance as Threats

OW1803002096 Tokyo YOMIURI SHIMBUN
in Japanese 16 Mar 96 Morning Edition p 7

[FBIS Translated Text] Yoshihiro Sakamoto, deputy vice minister for international trade and industry, indicated on 15 March that Japan intends to accept negotiations on the issue of renewing the Japan-U.S. Semiconductor Agreement which expires at the end of July, 1996. He said that Japan "would willingly listen to what the United States would like to say if it requests formal negotiations." Sakamoto made the remarks in a speech at the Foreign Correspondents Club of Japan.

He reiterated that the Japanese Government would not change its policy of demanding the abolition of the semiconductor accord, saying the government's "position remains unchanged." Criticizing the way of U.S. trade negotiations alluding the Section 301 of the U.S. Trade Act, Sakamoto said it is using "threats."

Sakamoto stressed that Japan "will not extend the accord in any form." He cited the following reasons: 1) the goal of attaining "20 percent share of foreign semiconductor products on the Japanese market" stipulated in the accord was regarded as Japan's commitment and served as the symbol of managed trade; 2) the government's involvement in the business will run counter to

deregulation efforts; and 3) dumping and other issues involving Japanese companies have already been settled. Regarding the photographic film dispute with the United States, Sakamoto said that Japan "will not hold negotiations because the issue pertains to the Antimonopoly Act."

Japan: Governor Ota, Foreign Minister Meet on Base Issue

OW1603033996 Tokyo KYODO in English
0239 GMT 16 Mar 96

[FBIS Transcribed Text] Tokyo, March 16 KYODO — Okinawa Gov. Masahide Ota and relevant cabinet ministers met Saturday [16 March] to discuss the U.S. military presence in the southernmost Japanese prefecture, government officials said Saturday.

The central government side explained its basic position of facilitating the cutbacks in U.S. bases and facilities there prior to the scheduled visit to Japan by U.S. President Bill Clinton, the officials said.

Japan and the U.S. have not yet started actual negotiations over the base cutbacks in Okinawa.

The government side also related the progress of a working group of the Japan-U.S. action committee on Okinawa.

Progress includes a bilateral agreement to reduce noise from night flights by U.S. planes in the prefecture and giving numbers to all U.S. forces automobiles there.

Ota requested the conclusion of an effective anti-noise bilateral agreement, the suspension of U.S. troops marching in the streets and the suspension of live fire drills over main roads, the officials said.

The meeting was held at the prime minister's official residence between Ota, Chief Cabinet Secretary Seiroku Kajiyama, Foreign Minister Yukihiko Ikeda and Defense Agency Director General Hideo Usui.

The panel last met on March 5.

At the Saturday meeting, Foreign Minister Ikeda asked for Ota's understanding about ongoing joint work, saying the U.S. is serious about the joint work on reducing U.S. bases in Okinawa.

Okinawa prefecture has stepped up its requests in the wake of the rape of an Okinawa schoolgirl in September for which three U.S. servicemen have been sentenced to prison.

The prefectural government wants to recover the land occupied by all local U.S. bases there in 20 years, while urging the government to take action to review the 1960 Japan-U.S. Status of Forces Agreement, reduce

noise from U.S. military facilities and reduce U.S. base-related crimes and accidents.

Japan: Prospects for Okinawa Base Reduction

OW1803070796 Tokyo CHUO KORON in Japanese
Apr 96 pp 78-85

[Article by Yasushi Tomiyama, Jiji PRESS Washington Bureau Chief: "Emergency Cooperation Is Necessary If Bases in Okinawa Are To Be Reduced"]

[FBIS Translated Text] Proposal To Consolidate "Futenma" and "Kadena" In the U.S.-Japan consultations on the issue of U.S. forces bases in Okinawa, which started last November and were scheduled to continue for one year, the U.S. government declared that it would seriously examine any proposals concerning reorganization, integration, and reduction. In practice, however, we can hardly expect the complete return of large bases, at least not as a result of these consultations. That is because neither the U.S. side nor the Japanese side is ready to realize large scale reduction of Okinawa bases in the near term.

The U.S.-Japan consultations on Okinawa bases began last September in response to increased anti-base sentiment in Okinawa which was triggered by the rape of a young girl by American servicemen stationed in Okinawa. Last November in Tokyo, the first meeting of the "Special Action Committee on Okinawa" (SACO), which consisted of bureau directors general (assistant secretaries) from the Japanese Foreign Ministry and Defense Agency and from the U.S. State Department and Defense Department was held. Since December, a working group at the level of counselor and deputy assistant secretary has been studying to find ways to solve the base issue. They are aiming at completing their report by this coming November, but it is also possible that they might announce an "interim report" at the time of U.S. President Clinton's mid-April visit to Japan. Concerning the base reduction proposals in these consultations, the security specialist making the most concrete and bold proposals on the United States side has been Richard Armitage. He served as Assistant Defense Secretary (in charge of international security) in both the Reagan and Bush administrations and is considered to be a leading candidate to become Defense Secretary if the Republican Party takes power next time. His experience and knowledge is also highly regarded by high ranking Defense Department officials in the Democratic Clinton Administration.

Mr. Armitage maintains that it is possible to integrate the U.S. Marine Corps' Futenma Air Station with Kadena Air Force Base. In an interview I had with him

he said that "the United States needs to be concerned about the Okinawan people's feelings and to show its sincerity to the highest degree. The total return of the Futenma air station, which is located in the middle of a city would be a dramatic gesture. There are some difficult aspects if the Marine Corps and the Air Force are to coexist at Kadena, but this can be done at relatively low cost, with little confusion, and without interfering with the U.S. mission." Armitage commands respect for [his expertise on] Asian security issues, and most informed people reacted favorably to his Kadena and Futenma integration proposal, acknowledging that it is "worth studying."

The Defense Department, however, is for now showing a negative reaction to the Armitage proposal. A Defense Department official who is a member of the SACO working group said that "the total return of Futenma Air Station is a subject of discussion, but it is something that is very difficult to realize." According to him, the Futenma Air Station has a 9000 foot long runway, and if the Marine Corps is moved to Kadena Air Base, there is a danger of decreased operational capability in times of war. Also, if the Marine Corps is moved, housing for the troops, equipment maintenance facilities, training facilities, and so on must be built again in the new location. He said that "it is not that easy to move units."

Another Defense Department official has a younger brother, who is a Marine Corps pilot. When this official asked the brother what he thought about the idea of combining Futenma and Kadena, his humorous answer was that "I want to go to Kadena, because the restaurant on Kadena is better."

The Air Force's Kadena base is better funded and has better facilities, so some mid-level troops are said to be for integration with Kadena Base.

But according to this brother, the problem is that if Futenma Air Station is integrated with Kadena, the Kadena Base will become too cramped.

It would be all right in time of peace, but in an emergency in Asia Okinawa will become a staging base for the U.S. forces. If war starts on the Korean peninsula, for instance, the Kadena base will become as congested as "the center of Tokyo" (according to a Defense Department official) because of the flights of reinforcement aircraft, and there might be the danger of not being able to manage the takeoff and arrival of so many U.S. military aircraft. This official also said that "I do not believe we can combine Futenma and Kadena without a reduction of operational capability."

Function of Bases

When we think about the issue of U.S. forces bases in Okinawa, we cannot separate them from their function. From a military perspective, there are three reasons for U.S. forces to be stationed in Japan: 1) to defend Japan, 2) to deal with regional disputes in East Asia, such as in the Korean Peninsula, South China Sea, and Taiwan Strait, and 3) to deal with regional disputes outside of Asia such as the Gulf War.

Also the presence of U.S. forces in Japan demonstrates the continuing U.S. military commitment in Asia. It also functions to provide regional stability by avoiding an arms expansion race in Asia which would stem from apprehension about a "power vacuum," at the same time checking the large regional powers such as China from taking advantage of a "power vacuum." Of the three military functions, it is no longer necessary to be too nervous about the "defense of Japan," because the direct threat to Japan has decreased as a result of the Soviet Union's fall. In contrast, dealing with regional disputes has increased in importance after the end of the Cold War. Because of the Soviet Union's disintegration, the danger of regional disputes developing into a nuclear war between the two super powers, the United States and the Soviet Union, has disappeared. As a result, regional disputes could occur all the more easily.

Especially in Asia, the situation in the Korean peninsula is uncertain. If the Democratic People's Republic of Korea (North Korea) were to invade Korea, the United States promises to provide total support to the South Korean forces. There are possibilities of military clashes occurring in the South China Sea, where China and Southeast Asian countries are in dispute over the territorial rights over the Spratly Islands, and in the Taiwan Strait between China and Taiwan. In such an event, whether or not the U.S. forces would directly intervene would depend on the situation. But at least, the United States needs to be prepared to cope with any military activity in order to protect its own interests and those of its allies and friendly nations.

A recent example of the U.S. forces actually being mobilized in a regional dispute from bases in Japan was the Gulf War of January-February 1991. As for Navy, the aircraft carrier Midway, which was home-ported in Yokosuka, left Yokosuka in September 1990, one month after the Gulf Crisis began as Iraq Forces invaded Kuwait. According to the "U.S.-JAPAN SECURITY REPORT," which was published in March 1995 by the Defense Department, the aircraft on board the Midway achieved the most sorties, compared to any other U.S. aircraft carriers dispatched to the Gulf during the war, and all returned safely.

From Okinawa, which is at issue, Marine Corps units were dispatched to Saudi Arabia when the Gulf crisis occurred. This Marine Corps force was, of two Marine Corps divisions which were brought in to the Gulf War, incorporated as reinforcements under the leadership of the First Marine Division headquartered in Camp Pendleton in California. From Kadena Air Base, the airborne warning and command system, AWACS, aircraft which is equipped with high performance radar and command communication systems flew to Saudi Arabia as the Gulf crisis broke out.

But the greatest military function for the U.S. forces stationed in Japan, which includes Okinawa, is, for the present, to be ready for an unforeseen situation in the Korean Peninsula, rather than in distant places such as the Persian Gulf. There must be a military plan in the U.S. Headquarters of the Joint Chiefs of Staff on how to move the U.S. forces stationed in Japan, if war breaks out again in the Korean peninsula by a North Korean armed attack on South Korea. But the content is naturally top secret and is not made public. But according to a U.S. congressional source who specializes in Naval and Marine Corps analysis, as far as the Marine Corps, which is one of the focal points in the issue of U.S. forces bases in Okinawa, is concerned, in the "Second Korean War," it can expect a military role equal to or exceeding that in the Gulf War. According to this source, the first duty for the Marine Corps during the war generally is to spearhead the U.S. forces at the beginning of the battle and to "kick the door open" in the battlefield, defend or recover port facilities, and enable the landing of the Army, which is the mainstay of the combat, and the unloading of supplies. During the Gulf War also, the U.S. forces which were dispatched to Saudi Arabia were mostly from the Marine Corps. But because Saudi port facilities were not threatened at that time by the Iraqi forces, the Marine Corps was deployed to the Saudi's Kuwait border region, and established an emergency defense line to prevent an Iraqi forces' invasion into Saudi Arabia.

The main duty for the Marine Corps in the latter part of the battle was to feign landings from the sea or actually to land and disperse enemy forces. During the Gulf War, the Iraqi forces were looking out for a Marine Corps' landing, stationed 6-7 divisions on the Kuwait coast, and could not concentrate their forces in places such as the capital, Kuwait City.

According to the same source, because the Korean peninsula has a longer coastline compared to Kuwait, the Marine Corps is more effective. Because the U.S. Army's Second Infantry Division is stationed in Korea, the construction of an emergency defense line can be

left to them. If this defense line were to be broken, the Marine Corps backup would be useful. Because such a role is expected from the Marine Corps, as long as the tension in the Korean peninsula is not alleviated, the withdrawal from Asia or large scale reduction of the Marine Corps on Okinawa is outside consideration among military specialists.

Mike Mochizuki, who is a nonmilitary specialist senior associate at the Brookings Institute, insists that all the 17,000 Marines on Okinawa can be withdrawn to Hawaii and to the U.S. mainland. He claims that in an emergency in the Korean peninsula, the three U.S. amphibious ships which are home-ported in Sasebo can transport only 3,000 men at once. Supplementary ships must be brought from the United States, so the effect of stationing the Marine Corps on Okinawa is not significant.

But hardly anyone takes Mochizuki's idea seriously. As for the transportation issue, Douglas Paul, who was the Asia Bureau Director of the National Security Council (NSC) in the White House during the previous, Bush Administration, rebutted the idea, saying that "since the Korean peninsula is close to Okinawa, we can shuttle amphibious ships over and over. We can also utilize airlift. There is not an absolute lack of transportation capacity."

Armitage, who is proposing the integration of Futenma and Kadena because he regards the U.S. forces bases on Okinawa important for their regional security function, says, "just imagine how China and North Korea will react if we withdraw the Marine Corps from Okinawa." He pointed out that China and North Korea would interpret the withdrawal of the Marine Corps as indicating decreased U.S. interest in Asia. This could energize their military activities. According to Armitage, the reason the Chinese and South Vietnamese (at that time) navies clashed in the Paracel Islands in the South China Sea in 1974 was that China took advantage of the U.S. withdrawal from South Vietnam. In 1978, China started being more active around the Senkaku islands where territorial rights have been in dispute with Japan. This came after (then) U.S. President Carter announced his plan to withdraw U.S. ground forces stationed in Korea. The fact that China occupied the Mischief Atoll of the Spratly Islands, which is inside the Philippines economic zone, was also because China thought United States interest in Asia had decreased. Armitage declared that "Mr. Mochizuki's argument for withdrawing the Marine Corps is dramatically against U.S. national interests."

Larry Nish, a specialist on Asia in the U.S. Congressional Research Office, said, "even if we move most

of the Okinawa Marines to Hawaii, if the U.S. forces resumes the stationing of strategic bombers, B-52's, in Guam, there will not be any danger of sending the wrong signals to North Korea. The B-52's can deliver greater blows than the Marine Corps to North Korea." He also said that "if South Korea obtains another mechanized infantry division, it will be more useful than the Marine Corps."

But the transfer of the Marine Corps on Okinawa to Hawaii and to the U.S. mainland can not become the subject of discussion at the current SACO. The reason is that the U.S. government wants to talk about the issue of the U.S. forces' bases on Okinawa without touching the boundary of a total number of about 47,000 service members for U.S. Forces Japan. In other words, if the Marines are to be transferred, their destination has to be within Japan. The intention to keep the U.S. forces stationed in East Asia at the level of 100,000 "for the foreseeable future," was indicated in the East Asia Strategy Report published by the Defense Department in March 1995.

The number of U.S. forces necessary to be deployed in East Asia should change depending on the military situation, and by giving a specific number, it takes on a life of its own. So the dominant opinion among military strategists is that the Defense Department handled this issue in a clumsy manner. But as for the size of U.S. forces which is necessary in the current situation, the specialists say that "the status quo is about right," (according to former Japan Section Chief at the Defense Department, Jim Auer) and "100,000 plus or minus 10 percent" (according to former NSC Asia Section Director Paul). So the specialists seem nearly in agreement that the level of 100,000 is right. U.S. forces Japan along with U.S. forces Korea constitute the major portion of the U.S. forces stationed in East Asia, and if the premise is to maintain the level of 100,000 U.S. forces stationed in Asia, there is hardly any room to carry out a large scale reduction of the U.S. forces Japan. That is because there is no other country in East Asia which would volunteer to serve as a replacement site for the U.S. forces bases in Japan. Therefore, it is not really strange that the U.S. Government's plans not touch the 100,000 manpower number in East Asia, nor the total number of 47,000 for U.S. Forces Japan. The proposal to transfer the Marines to Hawaii and to the U.S. mainland is against this basic plan of the U.S. Government whose [officials are] taking part in SACO.

Japanese Government Does Not Want Return of Bases?

By the way, 75 percent of the U.S. Forces Japan's facilities are concentrated in Okinawa. But this concentration

is not necessarily determined by U.S. military strategic needs. According to a Defense Department source, as long as the U.S. forces can be stationed in East Asia, the location does not have to be Okinawa. Some says that Okinawa is in a semitropical zone, and its climate is similar to the potential dispute region, the Persian Gulf; therefore, it is useful for training. But a Defense Department source flatly rejected that, saying that "it has no relevance. Most of the training locations in northern and central Okinawa are in the jungle, and the Gulf region is a desert." Also, as for the point that Okinawa is in close proximity to potential conflict areas such as the Korean peninsula, the South China Sea, and the Strait of Taiwan, he said that "it may have some bearing, but even if the bases are located in Honshu or Hokkaido, it hardly matters, in terms of flight distance."

The concentration of bases in Okinawa stems mostly from historical reasons rather than from strategic reasons. In other words, for the United States which militarily occupied Japan as a result of victory in the Second World War, because of the outbreak of the Korean Crisis, it became necessary to maintain U.S. forces in East Asia even after the end of the occupation. So by the 1952 San Francisco Peace Treaty, the United States kept Okinawa under U.S. military administration and concentrated bases there. In 1972, the administration of Okinawa reverted to Japan, but the majority of the U.S. bases remained. Once large scale bases were created in Okinawa, moving them was not easy. There is the economic reason that it costs an enormous amount to move bases and troops, the political reason that it is difficult to find replacement bases, and the tactical reason that it might hinder the training of troops and their combat capability if the bases and troops concentrated in Okinawa were to be dispersed outside of Okinawa.

But the concentration of bases in Okinawa is not made for strategic reasons, so if the economic, political, and tactical reasons which are preventing the base transfer can be overcome to some degree, the move of bases to other parts of Japan could occur. And the U.S. Government also says that the relocation of the Okinawa bases to other parts of Japan could be examined at SACO. But, in fact, it is highly unlikely that there are any local governments which would accept new U.S. forces bases, so it is not feasible to solve the concentration of bases in Okinawa. Harvard University Professor Ezra Vogel, who had been analyzing the Asian situation for the Clinton Administration's leadership in the U.S. Government's National Intelligence Council until last year, explains that "bases are the same as chemical plants. They may be necessary for society, but they are a nuisance, so nobody wants one near his home."

From a such situation, the large scale reduction of U.S. forces bases on Okinawa can not be expected in the SACO. One Defense Department source, while stating that the broad issues concerning bases will be examined at SACO, stresses that "the objective of SACO is lessening the burden for the residents of Okinawa," and maintains that the issue of force structure is outside of the competence of the SACO. In other words, to reduce the trouble, uneasiness, and inconvenience that the existence of the bases gives to the life of residents, they will attempt a solution with readjustment and consolidation of the bases and with solving the noise problem which accompanies U.S. forces' aircraft training. But the reduction of the U.S. forces is not the objective, so the return of U.S. forces' facilities through base consolidation will be limited.

According to another Defense Department source, one way to make Armitage's Futenma and Kadena integration plan more attractive is to enable the U.S. forces to use Self Defense Forces bases, and in some cases civilian airports, in time of crisis in, for example, the Korean peninsula. As military affairs commentator Kazuhisa Ogawa advocates, it could be an agreement that "in an emergency, the U.S. forces can use Futenma airfield." At any rate, for the U.S. Government to respond flexibly to the consolidation of Futenma and Kadena, arrangements for emergencies will be necessary, so that the return of the Futenma Air Station would not harm U.S. forces tactical capabilities.

According to this source, when tension in the Korean Peninsula rose concerning North Korean nuclear development in mid-1994, the United States was not confident as to how Japan would contribute in the event that war broke out. If such a situation continues, the price for the return of the Futenma air station would be too great in its tactical aspects. He maintains that the Japanese domestic environment will not permit an agreement on emergency defense cooperation by this coming November, which is tentatively the end of the SACO. Therefore, he said that the total return of Futenma Air Station "would not be totally impossible, but would be a real surprise." He added that "U.S.-Japan cooperation in cases of emergency is a sensitive issue for Japan. So I wonder, if the truth were told, if the Japanese Defense Agency and Foreign Ministry do not want a large scale return of bases in Okinawa."

If the total return of Futenma Air Station is very difficult, then, what can be done by SACO? A concerned person in defense affairs says that "many things can be done." One idea is that President Clinton brings some "gift" on his 16-18 April visit [to Japan] and [the United States] proposes something even bigger at the end of the SACO in November. As for the

content of the "gift," there are several items which are raised as possibilities; acceleration of the resolution of a total of 13 items. These include ten items, such as a partial return of Camp Hansen, by 1998 which United States and Japan agreed on at the end of last year, three items which the Okinawans want very strongly (discontinuation of artillery exercises over National Highway 104, discontinuation of parachute training at Yomitan Auxiliary Airfield and return of that airfield, and the return of the Naha Military Port), and solution of the noise problem which imposes great sacrifices on residents, and so on. As for the noise problem in particular, a Defense Department source admitted the seriousness of U.S. forces aircraft noise during landings and takeoffs at Kadena Air Base and said that the transfer of some U.S. forces aircraft and improvement of soundproofing devices must be studied.

As for the "something bigger" to be proposed in November, the person concerned in defense affairs pointed out that, even if total return of large bases such as Futenma Air Station is difficult, the return of small facilities combined, exclusive of the 13 items, would be substantial. But, he predicts that, even just to return the small facilities, compensation to the landlords and in some cases securing replacement land by the Japanese Government will become necessary, so it will not be easy to conclude by November.

According to him, as for the response to the Okinawa base issue, they are flexible in Washington (Defense Department and State Department) but the closer it gets to Okinawa, Hawaii (Pacific Forces Command) and the U.S. Forces Japan, the less flexible they become. The internal coordination on the U.S. side have not been completed. It is said to be possible that, if the adjustment does not go well, President Clinton will have no "gift," and everything will be proposed in November. In the U.S. Government, Defense Secretary Perry is strongly interested in the Okinawa base issue, and it could be possible that, if the Pacific Forces Command and U.S. Forces Japan interfere with progress in the consultations, the said Secretary and the Chairman of the Joint Chiefs of Staff Shalikashvili could intervene.

The Proposal for Transfer to Alaska as One Possibility

A Defense Department source said on the base integration and reduction plan in the SACO that "they are still at the stage of formulating their plan, and we do not know what it will be in the end." According to the same source, at the first meeting of the SACO working group, the Japanese side showed a consolidation plan, which includes Okinawa Prefecture's requests, for consideration. By the time this journal is published, the U.S.

response and counter proposal should have been made. But as for the Okinawa Prefecture "Action Program for the Return of Bases" which demands the total return of the U.S. forces bases by 2015 in three stages, this same source reminded me that "since it concerns force structure, it is not the subject of consultation at SACO."

As I mentioned earlier, the greatest factor making the large scale return of U.S. forces bases in Okinawa difficult is the Korean peninsula situation. Therefore, if the tension in the Korean peninsula disappears because of the unification of North and South Korea or because of a change in the system in North Korea, it is possible that the needs for the U.S. forces bases in Okinawa could fundamentally change.

Former Defense Department Japanese Section Chief Torkel Patterson thinks that the regular stationing of U.S. forces combat units in Okinawa would become virtually unnecessary. According to Patterson, of the elements of U.S. forces bases on Okinawa, what would be necessary after the Korean problem was solved, would be functions for rear support and for training, i.e. the prepositioning of military supplies at the Kadena Air Base, the unloading of supplies at the Naha Military Port or at a replacement location, and the training in jungles which do not exist in the United States. He says that "the Marine Corps' on-the-ground stationing will probably not be necessary. They can be stationed with the fleet. "As for the Air Force on the Kadena Base, he said that "we need to keep a portion of the Air Force planes, but the number of stationed aircraft can be drastically reduced. Or they can be stationed on a rotation basis at Kadena, Misawa in Aomori, and in South Korea. We can also adopt a system, for example, whereby the aircraft are to be based in the United States and let them fly in [to Kadena] from time to time for training."

Former NSC Asia Section Director Douglas Paul has the idea of transferring the Marine Corps from Okinawa to South Korea after the Korean problem is settled. According to him, the objective of the current U.S.-South Korea alliance is to defend South Korea from a North Korean attack, so if the threat from North Korea disappears, the rationale for maintaining the U.S.-South Korean alliance will be weakened. So, [the United States] should give the U.S.-South Korean alliance a new geographic responsibility by transferring the Marine Corps to South Korea and should stabilize the long term relationship of the alliance.

Also, according to Paul, because the flight distance of U.S. forces aircraft will be increased through technological advances, even if the Air Force planes on Kadena Base were to be transferred to Alaska, they would be

able to accomplish air defense duties in East Asia. Air Force training in Asia is a source of headaches for local residents, but Alaska has a large land area so there will not be complaints from residents. On the contrary, because the income from bases will be welcomed, the transfer of the Air Force bases to Alaska will be an advantageous for both sides. He maintains that if the Korean peninsula situation changes for the better, even at the current technological level, it is possible to take such measures; to station Air Force planes in Alaska; not to regularly station and train in Japan and South Korea; and only to secure the right to use the bases. The reason Alaska is convenient is that even to fly toward Europe, if an over the North Pole route is taken, it is faster than crossing the Atlantic Ocean via East Coast to reach Europe.

Armitage, on the other hand, was much more cautious about the reduction of the U.S. forces bases on Okinawa in the after the resolution of Korean problems. He said that "even if the Korean peninsula were to be united, we won't know what would be the state of China and Russia then. So I can not answer how the base situation on Okinawa will be affected." He continued that "the problem will remain until we know whether the change in Russia is real or not."

China's moves are most important, and if we make the wrong response, it will not be beneficial to any of us, the United States, Japan, and China. Even if China and Russia change, we have to take factors such as a united Korea's regional role and its relationship with Japan into consideration."

The concerned person in defense affairs summed up all of those arguments and explained that "if the Korean peninsula is unified peacefully; if China becomes democratic, restrains its armaments, and takes a conciliatory posture toward Taiwan and Hong Kong; and if Russia either maintains its present situation or becomes more democratized, then the idea of the drastic reduction of Okinawa bases as Patterson advocates is probably best. We just have to keep the option that the bases can be reopened in time of crisis. In the scenario that the unification of Korea is not carried out peacefully, China becomes a big problem, and Russia adopts an extreme nationalist line like the one advocated by Liberal Democratic Party leader Zirinovsky, the state of the U.S. forces bases in Japan will not be much different from what it is now. In the in-between scenario, because Okinawa bases are close to unstable areas such as the South China Sea and the Strait of Taiwan, they are still strategically important, so the [base] consolidation will be kept to a lesser scale." And he stressed that "whichever the scenario, it is important to avoid a Philippine style base closure which lacked strategic

consideration, also emergency arrangements to provide for tactical aspects will be necessary."

Japan: MOFA Spokesman Comments on UNSC, PRC, Middle East

OW1803100296 (Internet) Japanese Ministry of Foreign Affairs WWW in English 15 Mar 96

[News conference by Japanese Ministry of Foreign Affairs [MOFA] acting spokesman Ken Shimanouchi with unidentified reporters on 15 March; place not given — from the "What's New!" link]

[FBIS Transcribed Text] [Topics of Discussion] I. Introduction of the Press Conference II. Issues regarding United Nations Security Council membership reform III. Issues regarding United Nations fiscal reform IV. Issues involving the bid by Japan for a non-permanent seat on the United Nations Security Council V. Matters regarding the implementation of the declaration adopted at the Peacemakers' Summit held in the Arab Republic of Egypt VI. Matters discussed at the Peacemakers' Summit held in the Arab Republic of Egypt VII. The position of Japan regarding challenges to the Middle East peace process VIII. The future visit to Japan by Minister of Foreign Affairs Qian Qichen of the People's Republic of China

I. Introduction of the Press Conference

Acting Foreign Ministry Spokesman Ken Shimanouchi: Good afternoon, ladies and gentlemen. I have no announcement to make this afternoon, but I will be delighted to respond to any questions that you might have.

II. Issues regarding United Nations Security Council membership reform

Q: Prime Minister Hashimoto has told the Brazilian President that, in addition to Japan and Germany, there should be others from Asia, Africa and Latin America joining an expanded UN Security Council as permanent members. How many do you think should be from Asia, in addition to China and Japan?

A: I will tell you exactly what he told President Fernando Henrique Cardoso of the Federative Republic of Brazil. They discussed United Nations matters. With regard to United Nations reform, Prime Minister Ryutaro Hashimoto first said that United Nations reform should be pursued in a balanced matter — achieving balance among the three pillars, which are fiscal reform, restructuring of the Security Council, and the economic and social aspect. With regard to the restructuring of the Security Council, he said that a limited number of countries which are capable of and willing to discharge global responsibilities should be added to the Security

Council. He also said that, in addition to Japan and the Federal Republic of Germany, he was prepared to consider a proposal to add developing countries from Asia, Africa, and Latin America as permanent members of the Security Council. He did not go into more specifics than that. But, in the first part of the statement, he said it should be a limited number of countries.

Q: Does he mention any countries?

A: No, he did not mention any countries by name. He just mentioned the three regions. III. Issues regarding United Nations fiscal reform

Q: Can you comment on a recent JAPAN TIMES report that the Ministry of Foreign Affairs' UN form plan said Japan will pay more to the United Nations if it is granted a Security Council permanent membership?

A: I do not think that is an accurate quote. Was this an article about the fiscal reform aspect of the United Nations?

Q: Yes. Maybe last week.

A: Our basic thinking on financial reform of the United Nations is as follows. The question of financial reform has two aspects. One is the cash flow problem. The other is systemic problems, such as reviewing the scale of assessments. We believe that the two should be dealt with separately. We also believe that a linkage should be established between the responsibilities that a United Nations member discharges and its financial burden. Currently, the scale of assessments of the United Nations is based on the concept of the capability to pay. We believe that, in addition to this, we should add the concept of responsibility to pay. Perhaps the article you mentioned referred to his proposal which we made in the United Nations recently.

IV. Issues involving the bid by Japan for a non-permanent seat on the United Nations Security Council

Q: Is Japan going to pay its financial portion for the United Nations this year, as we understand?

A: We always pay. What was your question?

Q: I understand that Japan is going to pay its financial portion for this year, and is going to pay for helping the United Nations — to be a suitable candidate for the next term.

A: You mean our bid for the non-permanent seat?

Q: Yes.

A: Yes, we are making a bid for a non-permanent seat on the Security Council.

Q: This year?

A: Yes, this year. The Republic of India is also seeking a non-permanent seat for Asia. We are competing for the same seat.

V. Matters regarding the implementation of the declaration adopted at the Peacemakers' Summit held in the Arab Republic of Egypt

Q: Foreign Minister Ikeda was speaking at the Peacemakers' Summit in Egypt last week. What kinds of measures is Japan willing to make to fight against terrorism — especially in the Middle East? President Clinton mentioned and Japan mentioned — they talked in this way, for example, that tourism is not only in the Middle East, but all over the world. So, what kind of measures do the Japanese believe in to fight against terrorism?

A: I think it is a little premature to tell you the specifics of what we have in mind. As you know, it was agreed that a working group will be set up to consider measures to implement the declaration adopted at the recent summit, and that this working group should come up with a recommendation within 30 days. I am sure we will be taking part, actively, in this working group.

Q: You mean Japan is taking part in this?

A: Yes, all the countries that were present at the summit are invited to participate. I believe that Japan will be participating.

Q: Could you give me more elaboration on what kind of measures Japan is going to propose at this working group?

A: The agreement to set up this working group was reached only two days ago. Perhaps it is a little premature to talk about what position Japan will be taking in this group.

VI. Matters discussed at the Peacemakers' Summit held in the Arab Republic of Egypt

Q: Do you think this conference was a successful one, and is it enough to fight for this?

A: We think it was a very good meeting. As you know, all the participants agreed to condemn terrorism. They also agreed on the need for international cooperation to combat terrorism. Furthermore, they agreed that the peace process should be carried forward. I think you are aware of the position that Japan took at the Summit. Minister for Foreign Affairs Yukihiro Ikeda said that terrorism should be dealt with firmly. He said that there should be no retrogression in the peace process. He also emphasized the importance of improving the economic and social environment in order to continue and promote the peace process. From this perspective, he announced

that Japan will be making an additional contribution of US\$10 million to the Palestinians, mainly for the purpose of job creation. This contribution, by the way, is above and over existing commitments that Japan has made with regard to assistance for the Palestinians. We think that the Summit sent out a very strong message, calling for the need to eradicate terrorism, and also to continue and implement the peace process. The setting up of the working group that we have been discussing is a very concrete, tangible outcome of this summit. We think that the timing of the Summit was excellent. It was held only ten days after the last bombing. We think that the presence of so many top leaders at the Summit gave added weight to the message that was issued at the Summit. We think that this summit has sent out a very strong message of support to the parties of the peace process.

VII. The position of Japan regarding challenges to the Middle East peace process

Q: Prime Minister Peres of Israel accused Iran of supporting radical groups, and supporting international terrorists. What is Japan's position in this regard? And, I have been hearing from Japanese officials that Japan doesn't have any difficulties regarding Iran importing terrorism. Could you please comment on that, please?

A: The position of Japan is as follows. We are, of course, aware of the views of the United States Government on this matter — that the Islamic Republic of Iran is supporting Hamas and other terrorist organizations. The international community is concerned about Iran's opposition to the Middle East peace process, its alleged support of terrorist activities, and its plans for the development of weapons of mass destruction. Japan shares these concerns. We believe Iran needs to dispel these concerns. We have been calling on the Government of Iran to do that.

VIII. The future visit to Japan by Minister of Foreign Affairs Qian Qichen of the People's Republic of China

Q: I understand there is a report that the Foreign Minister of China is going to visit Japan at the end of this month. Would you confirm that, and what kind of issues will they discuss, and is he going to meet with Prime Minister Hashimoto?

A: There is agreement between the two governments that Minister of Foreign Affairs Qian Qichen of the People's Republic of China should visit Japan in the first half of this year. We are discussing his schedule right now, with the end of March/early April in mind. We do not have an agenda for the meeting yet. But, as is the case with most meetings between the foreign ministers

of the two countries, we will be discussing bilateral issues and international issues of common interest to both sides.

Q: Including the Taiwan issue?

A: What they will discuss is up to the two ministers to decide, but I would not be surprised if that is discussed. Thank you very much.

Japan: Government, LDP Differ Over Next Round of PRC Yen Loans

OW1803051496 Tokyo *NIHON KEIZAI SHIMBUN* in Japanese 17 Mar 96 Morning Edition p 2

[FBIS Translated Text] As China continues to use the threat of force against Taiwan, there is a slight gap between the government and the coalition-leading Liberal Democratic Party (LDP) in handling the fourth round of yen-based loans to Beijing scheduled to start in FY96.

Hardline views now appear to have the upper hand within the LDP that the "freezing of yen-based loans should be studied as a way to show protest against Beijing."

There is growing criticism of the government's policy of "providing yen-based loans as scheduled," (as stated by a senior official of the Ministry of Foreign Affairs (MOFA)). The government is firm that adopting a cautious position that the "freezing of yen-based loans would shake its diplomacy with China from the ground up." However, there is still the possibility that if China shows no self-restraint, yen-based loans "would possibly be suspended," (according to an LDP source).

Various LDP panels on diplomatic and other issues have on and off held talks on the China-Taiwan situation, including the handling of yen-based loans to China. Some LDP members, mainly from the younger generation, are favoring more hardline policies, including freezing yen-based loans.

Meanwhile, other members, mainly veteran legislators, are emphatically calling for a more cautious stance. Reportedly, there "is a conspicuous generational gap within the LDP regarding views on diplomacy with China."

As the coalition-partner Social Democratic Party exhibits caution about freezing yen-based loans, the ruling coalition parties have failed in efforts to build a consensus.

The government has already decided to suspend grants-in-aid to China, excluding those for humanitarian purposes, in protest against China's going ahead with its underground nuclear testing. Given the situation, a rul-

ing coalition source has said that the freezing of grants-in-aid "cannot be used as a diplomatic card any more."

This is why some LDP members are calling for the freezing of yen-based loans to China. The government is apparently worried that the "freezing of loans would inevitably change Japan's diplomatic policy toward China, which has been in force since the restoration of diplomatic relations between Japan and China," (as stated by a senior MOFA official).

The government has already decided on an outline of the fourth round of yen-based loans to China reaching a total of 580 billion yen as a three-year program beginning in FY96. It plans to start consultations with China in the near future.

According to a senior MOFA official, the schedule for Japan-China consultations on the fourth round of yen-based loans yet to be arranged. There is a growing view within the LDP that, as long as current tensions in the Taiwan Strait continue, the "situation does now allow us to hold Japan-China consultations for the time being."

The senior MOFA official said that the "LDP has not formally informed MOFA of its opinions about freezing" yen-based loans. MOFA intends to watch developments in arguments within the LDP.

However, it believes that, if China forces through underground nuclear tests again beginning this spring, the "question of freezing yen-based loans will inevitably come to the fore in connection with the Taiwan issue." MOFA is worried about how to handle this issue in the future.

Japan: Hashimoto Urges Beijing, Taipei To 'Remain Calm'

OW1703045096 Tokyo *KYODO* in English 0235 GMT 17 Mar 96

[FBIS Transcribed Text] Tokyo, March 17 KYODO — Prime minister Ryutaro Hashimoto on Sunday [17 March] urged China and Taiwan to remain calm and exercise self-restraint during China's missile tests and war games in the Taiwan strait.

Hashimoto made the comment in a speech at a graduation ceremony for cadets at the national defense academy in Yokosuka, Kanagawa Prefecture, southwest of Tokyo.

Hashimoto said the tests and war games are a "major cause of concern."

"One hopes the parties concerned will conduct themselves as much as possible with self-restraint and respond calmly," Hashimoto said.

In a reference to the Japan-U.S. security arrangements, the prime minister said he and U.S. President Bill Clinton agreed in a California meeting in February to "concentrate on working together to achieve a resolution to the problem of U.S. bases in Okinawa."

About two thirds of the 47,000 U.S. troops stationed in Japan are based in the southernmost prefecture of Okinawa.

The prefecture accounts for only 0.6 percent of Japan's overall territory but has 75 percent of the land occupied by U.S. military facilities in Japan.

Japan and the United States are studying the possibility of relocating some of the U.S. troops stationed in Okinawa to other parts of Japan or elsewhere.

Japan: PRC's Qian Qichen Scheduled To Visit 31 Mar-3 Apr

OW1603132596 Tokyo YOMIURI SHIMBUN
in Japanese 16 Mar 96 Morning Edition p 2

[FBIS Translated Text] It was decided that Qian Qichen, PRC's vice premier and foreign minister, will pay a four-day visit to Japan from 31 March to 3 April. A Foreign Ministry source revealed this on 15 March. During his stay in Japan, Qian is scheduled to hold talks with Japanese Foreign Minister Yukihiko Ikeda and make a courtesy call on Prime Minister Ryutaro Hashimoto.

Japan: SDP Official Discloses DPRK Members Visit

OW1803000596 Tokyo MAINICHI SHIMBUN
in Japanese 16 Mar 96 Morning Edition p 2

[FBIS Translated Text] On 15 March, a senior member of the Social Democratic Party [SDP] disclosed that at the invitation of the three ruling parties, senior members of the Workers' Party of Korea [WPK] in the DPRK (North Korea) will visit Japan as early as April, after the general election in the ROK.

As far as the SDP is concerned, it is hoped that their visit will become a chance for resuming bilateral talks on normalizing diplomatic relations, and that consultations will be held on the third rice aid.

Japan: DPRK Intelligence Operations in Japan Viewed

962B0040A Tokyo FORESIGHT in Japanese Dec 95
p 28

[Special report from the "EYES ONLY" column:
"North Korean Intelligence Agency's "Mysterious In-

fluent Figure" Engaged in Secret Operations Behind the Scenes of the Japan-North Korean Negotiations]

[FBIS Translated Text]

As the negotiations for diplomatic normalization between Japan and North Korea ran into difficulties, successive visits to Japan by people in charge of intelligence operations has become the topic of discussion among those concerned with public safety.

On last 21 October at 8:00 PM, a person who identified himself as Kang Chu-il got off ANA flight 906 from Pyongyang at Narita Airport. The ostensible purpose of this person's visit to Japan was treatment for an illness and his title was representative of a private North Korean organization. In fact, Kang spent as long as two weeks in a famous hospital for treatment of a liver problem. However, public safety officials were not taking this stated objective of his visit at face value; they were onto the fact that the name and title of Kang Chu-il were completely different inside North Korea.

They say that Kang's name is actually Kang Kang-chu. His real occupation is first vice premier of the Unification Front Bureau. He has a "second cousin" relationship with Kim Chong-il and is an elite leader who is also employed as representative of the Supreme People's Assembly (which corresponds to Japan's Diet). Kang has come to Japan more than 20 times in the past using the alias "Kang Chu-il" and is said to hold personnel management rights in the North Korea General Federation.

A certain public safety official points out: "The fact that an official of this caliber comes to Japan concealing his name each time is due to the real objective of the Unification Front Bureau engaging in covert operations in Japan. This agency Kang belongs to is kept secret from the outside."

Although it is not widely known, negotiations with Japan in North Korea is the responsibility of this Unification Front Bureau and not the Diplomatic Bureau (Ministry of Foreign Affairs). Kim Yong-sun, who represented the North Korean side in the recent Japan-North Korea negotiations, is currently head of this bureau. The problem is the content of the activities in which this bureau engages.

The public safety official mentioned above continues: "The Unification Front Bureau was created in 1978 at the instruction of Chairman Kim Il-song in a closed-door political committee, and it was first headed up by none other than Kim Chong-il. His duties include formation of antigovernment organizations inside South Korea, leading the North Korea General Federation, psychological warfare with the outside, etc. Although talks

between North and South Korea are also the responsibility of the Unification Front Bureau, it will do whatever it takes, even including abductions and corruption, to achieve its objectives. Among the organizations under its control are the division that brainwashed the fishing boat crew member whom it abducted and an organization that forges passports. It goes without saying that it is carrying out spy activities in Japan as well. It is said that the 'Sin Kang-chu Incident' of 1980 was the work of the Unification Front Bureau."

The Sin Kang-chu Incident is the case in which a Japanese chef employed at an Osaka Chinese restaurant was abducted to North Korea and was successfully impersonated by Sin Kang-chu, an operative, who was carrying out espionage activities. There are innumerable other instances of spying and abductions that were brought about by the Unification Front Bureau. Meanwhile, a person connected to the North Korean General Federation attests to the following:

"Though Kang Kang-chu claimed to be staying in Japan for liver treatment, he was drinking beer every night during his stay. Also, he summoned executives such as Vice Premier Ho Chong-man and Vice Premier So Man-sul of the North Korea General Federation almost on a daily basis. Under the pretext of raising funds for flood damage assistance, it appears that he was issuing directions for operations to reopen negotiations with Japan."

In fact, Kang was not the only one who entered Japan during this period. In mid-October there were two others visiting Japan from North Korea under the pretext of participating as delegates of the private "Asia Pacific Peace Committee" in the "Japan-North Korea Culture and Arts Festival" being held in Kyoto.

Explains the above-mentioned person related to the General Federation, "They are Kim Kyong-nam and Kwak Si-myong who were hiding the fact that the 'Asia Pacific Peace Committee' they belong to is a dummy organization of the Unification Front Bureau. Moreover, these two suddenly changed their schedule on 29 October and went to Tokyo to hold secret talks with two big shot LDP [Liberal Democratic Party] Dietmen. The purpose of their trip to Japan should be obvious."

The Japan-North Korean negotiations initiated since the late former Deputy Prime Minister Michio Watanabe's visit to North Korea remain at an impasse on the government level due to North Korean opposition to Japan becoming a permanent member of the United Nations Security Council. With the suspension of rice exports from Thailand due to payment delinquency, among other things, the shortage of funds in North Korea at this time is becoming more serious than ever.

Further, the large-scale flooding that hit North Korea this summer served to aggravate its food shortage. That is why it is no exaggeration to say that the greatest priority for the Unification Front Bureau is the resumption of Japan-North Korean dialogue and aid. Operations in Japan under the surface are already underway.

Japan: Hashimoto, Cardoso Agree on Bilateral Cooperation

*OW1403125696 Tokyo KYODO in English
1210 GMT 14 Mar 96*

[FBIS Transcribed Text] Tokyo, March 14 KYODO — Prime Minister Ryutaro Hashimoto and Brazilian President Fernando Henrique Cardoso agreed Thursday [14 March] to further bilateral cooperation in the traditionally close relationship in political, economic and other fields.

In a summit meeting with the visiting Brazilian leader, Hashimoto expressed the hope of expediting personnel exchanges and political dialogue as a means of strengthening bilateral relations, a Foreign Ministry official told reporters.

Cardoso, who arrived in Japan on Tuesday for a four-day stay as a state guest, threw his weight behind the idea of promoting ties further between the two countries, the official said.

In this context, the Brazilian president extended an invitation to Emperor Akihito and Empress Michiko to visit his country next year. The premier replied Tokyo will consider the offer.

Cardoso's is the third state visit by a Brazilian president to Japan, following those by Ernesto Geisel and Joao Figueiredo in September 1976 and May 1984, respectively.

At the summit, Hashimoto also welcomed Brazil's avowed support for Japan's attempt to host the World Cup finals in 2002 and sought continued backing until the 21-member Executive Committee of FIFA, soccer's world governing body, chooses the host nation in Zurich, Switzerland, on June 1.

South Korea has also offered to host the quadrennial soccer event.

On the election of new nonpermanent members of the UN Security Council, the two leaders agreed to support each other's bid to obtain a seat — for the 1997-1998 term for Japan and the 1998-1999 term for Brazil, the official said.

Hashimoto also briefed Cardoso on Tokyo's basic stance on the proposed reform of the United Nations,

saying the 50-year-old world body should be revamped in the fields of financial conditions and the makeup of the Security Council, as well as in the field of social and economic development.

Reiterating the nation's desire to enter the powerful UN Council as a permanent member, the premier also made it clear that Japan is ready to consider the idea of including some representatives from developing countries in Asia, Africa, and Central and Latin America, in addition to Japan and Germany.

While basically agreeing to Tokyo's stance on the course of reform, Cardoso noted the revamped Security Council should have some unspecified developing countries, apparently including Brazil, as permanent members along with Japan and Germany.

Turning to other global issues, Hashimoto expressed the hope a comprehensive test ban treaty will be completed in the fall this year at the latest and urged Brazil's early entry into the nuclear Nonproliferation Treaty (NPT).

Cardoso replied that all forms of nuclear experiments should be banned with the aim of abolishing nuclear weapons ultimately. But he remained cautious on entry into the NPT, saying simply that Brazil will study the matter.

Brazil has been reluctant to join the antinuclear regime because of what it sees as the unfair nature of perpetuating the gap between the nuclear haves and have-nots.

The two leaders also discussed a wide range of economic topics, the official said.

After the summit, Hashimoto hosted a dinner for Cardoso at his official residence.

The Japanese premier delivered a speech, saying, "during our meeting today, the two of us exchanged views on many areas of common interest and on the concerns which our two countries share."

"I believe that, in addition to pursuing the prosperity of our two nations, Japan and your great nation should contribute together to further advance the spread of exchanges across the Pacific, between Asia, which is continuing to grow, and Central and South America," he said.

Cardoso responded, "I have confirmed that we have only one subject. That is to further reinforce and promote the sole relationship existing between the two countries."

"Our foreign policies aim to make full use of the benefit of the traditional partnership and to promote both countries' presence in the world, particularly to promote our presence in Asia."

The president stressed his country has gained stability in its economy, society and politics, and is developing.

Brazil is also striving for nuclear nonproliferation to gain other countries' trust so that they provide the Latin American nation with technology and partnership, he said.

Japan: Brazil's Cardoso Addresses Diet, Praises Bilateral Ties

OW1403091496 Tokyo KYODO in English
0733 GMT 14 Mar 96

[FBIS Transcribed Text] Tokyo, March 14 KYODO — Brazilian President Fernando Henrique Cardoso delivered a goodwill speech to Japan's parliament Thursday [14 March] and hailed bilateral relations.

"Japan and Brazil are entering the second century of bilateral relations, forming a broad range of partnership through economic cooperation and political dialogue, shouldering hard responsibilities," Cardoso said at the podium of the House of Councillors plenary session hall.

The president praised the century-old partnership between the two countries and the Japanese immigrants in Brazil.

He also called for boosting bilateral economic relations.

In the House of Representatives, the lower chamber of the Diet, the main opposition party Shinshinto (New Frontier Party) has blockaded the budget committee room for 11 days to prevent voting on the 75.1 trillion yen fiscal 1996 budget, protesting against the budget's 685 billion yen expenditure to liquidate seven failed housing loan companies.

Attending lawmakers applauded, with some members laughing, when the president said, "The parliament is an authoritative venue to discuss, question and answer, confirm the national interest and seek for truth and consensus."

After the speech, Cardoso talked with lower house Speaker Takako Doi and upper house President Juro Saito.

Cardoso arrived in Tokyo on Tuesday for a four-day stay as a state guest.

Japan: Brazil's Cardoso Reserves Right of Nuclear Development

OW1503044396 Tokyo KYODO in English
0319 GMT 15 Mar 96

[FBIS Transcribed Text] Tokyo, March 15 KYODO — Brazilian President Fernando Henrique Cardoso said Friday [15 March] his country cannot agree to sign

the nuclear Nonproliferation Treaty due to the global nuclear weapon control pact's barring of its signatories from nuclear energy development.

"Brazil's reservations about signing the treaty are purely technical. The pact, in a sense, forbids development of nuclear technology and makes it impossible to get access to technology for peaceful purposes," he told a news conference at the Japan National Press Club.

But the Brazilian president simultaneously reiterated that Brazil is staunchly opposed to nuclear development for military purposes.

Cardoso, currently on a four-day visit to Japan since Tuesday as a state guest, also spoke of the need to revamp the 50-year-old United Nations so as to tackle new global issues.

He also remained opposed to the idea of adding only Japan and Germany to the U.N. Security Council when the powerful body is reformed.

Brazil has expressed hope that it also be admitted to the council along with Japan, Germany and some other developing nations.

Tokyo To Support Aluminum Project in Brazil

*OW1403073896 Tokyo KYODO in English
0711 GMT 14 Mar 96*

[FBIS Transcribed Text] Tokyo, March 14 KYODO — Finance Minister Wataru Kubo on Thursday [14 March] notified Brazil of Japan's plan to extend \$200 million worth of loans to support a Japan-Brazilian aluminum project, Japanese officials said.

At talks with Jose Serra, Brazilian Minister of Planning, the Budget and Coordination, Kubo said the Export-Import Bank of Japan will extend the loans for the Alunorte project, according to the officials.

The Brazilian Government and some Japanese companies, including Nippon Light Metal Co., started the project in 1976 to construct a plant near the mouth of the Amazon River for production of aluminum materials.

But the Japanese side stopped investment in the project in late 1986 amid the sluggish aluminum market, making it difficult for the plant construction to continue.

The Brazilian Government, however, resumed construction of the plant by itself in 1993 and completed it last year. As a result, Japanese companies recently decided to reinvest into the Alunorte project.

The Japanese officials said Kubo also told Serra that Japan will extend a total of 167 billion yen in loans to Brazil.

Specifically, Japan will provide about \$5.2 billion yen through the overseas cooperation fund for four environment-related projects, while the Export-Import Bank of Japan will make 112 billion yen in loans for four other projects, including those to foster small and medium-sized companies, they said.

Serra is accompanying President Fernando Henrique Cardoso, who is now visiting Japan as a state guest.

Japan: Tsukahara Urges Brazil To Reduce Tariffs on Auto Imports

*OW1503130896 Tokyo KYODO in English
1232 GMT 15 Mar 96*

[FBIS Transcribed Text] Tokyo, March 15 KYODO — Japanese Trade Minister Shumpei Tsukahara urged Brazil to lower high import duties on automobiles when he met Friday [15 March] with his Brazilian counterpart Dorothea Werneck, trade ministry officials said.

Brazil raised the import duties to 70 percent from the 32 percent in March 1995 in an apparent bid to help improve its international balance of payments.

The high tariffs dealt a devastating blow to Japanese auto exports to the country which tumbled to 700 vehicles in the second half of 1995 from more than 30,000 units recorded in the previous half year, the officials said.

Tsukahara also told Werneck, a member of Brazilian President Fernando Henrique Cardoso's entourage for his current state visit to Japan, that investment incentives planned by Brazil are incompatible with rules under the World Trade Organization.

Under Brazil's plan, foreign carmakers will be entitled to lower tariffs for their exports to Brazil if they have plants there, meet a local content ratio of more than 60 percent and export some of their local output to earn foreign currencies.

Companies eligible for the plan will have to pay only half the regular tariffs on their finished vehicle exports to Brazil. They will also enjoy a 90 percent discount on the 20 percent tariff imposed on their auto parts exports to Brazil.

Such a system will stand in the way of free trade flows, the officials said.

Werneck told Tsukahara a similar program has already been offered by Argentina, the officials said.

Brazil is lobbying in Geneva, the home of the WTO, to win support for waiving the application of WTO rules to the planned program. It has yet to formally file its bid with the trade organization for a waiver, they said.

Tsukahara and Werneck both recognized the possibility that the matter could be debated at the WTO, the officials said.

Among Japanese automakers, Toyota Motor Corp. is already producing in Brazil, while Honda Motor Co. plans to build a plant in the country.

Japan: Brazilian President Gives News Conference

PY1603012296 Brasilia Voz do Brasil Network
in Portuguese 2200 GMT 15 Mar 96

[Italized passages recorded]

[FBIS Translated Text] President Fernando Henrique Cardoso today gave a news conference in Tokyo. He commented on the sale of Brazilian bonds on the Japanese market.

Brazilians rejoiced because we issued the Samurai Bonds here this year and because we were able to raise \$300 million through the sale of these bonds. Interest rates on these bonds are 285 basic points [preceding two words in English] lower than others, and they will fall due in a period of two to five years.

This has been a very clear signal because it was the first time Brazilian bonds were sold to the Japanese public. It is no like what we did last year — when Brazil's efforts were rewarded by raising \$800 million here. Those bonds were not sold to the Japanese public. This time, the sale of the Samurai Bonds was a clear demonstration of confidence by the Japanese officials and people in the Brazilian economic growth.

Cardoso discussed the steps taken in Brazil to make the oil monopoly more flexible and the auto import tariff.

Regarding the oil industry, the Brazilian Congress approved what we have called an amendment making the oil monopoly more flexible. Within 30 days, the administration will submit to Congress a draft law to implement the above amendment. This will pave the way for foreign investments in the oil area. This does not mean, however, that we will privatize the state-owned oil company. It means it will now be possible to form joint ventures with the Brazilian Petroleum Corporation, and for foreign companies to make independent investments based on a complex regulation that will be approved in the next few months. Congress will certainly debate and approve the new legislation.

Regarding auto import tariffs, these rates were set at the ceiling permitted by the WTO and we are already planning its gradual, progressive reduction. An agreement has already been reached to this effect. The tariff will progressively decline. The tariff was increased due to a contingent situation, at a time when we needed to avert

a crisis in our trade balance. The Brazilian objective is certainly to encourage larger investments in the auto industry and to permit a liberalization of its policy as soon as conditions are conducive to keeping the trade balance under control. We plan to reduce the import tariff rates.

Cardoso also discussed the treaty banning nuclear tests.

The Japanese Government expressed happiness over the possibility that Brazil will sign the treaty — in addition to other treaties which Brazil has already signed. Japan and Brazil are devoted to promoting the signing this year of a global treaty banning nuclear tests. The Japanese prime minister referred to Brazil having joined the MTCR [Missile Technology Control Regime] and recognized the significance of those treaties signed by Brazil which limit and permit an effective control of our actions in terms of our nuclear activities. Brazil's objection to the Nuclear Nonproliferation Treaty, NPT, is of a technical nature, because it does not want to miss the chance of having access to technology. Regarding the ban on the use nuclear energy for military purposes, Brazil and Japan have adopted an identical position. Brazil continues to have problems with the NPT for technical reasons. It is willing to sign treaties that are broader than the NPT, as it is already doing regarding the treaty banning nuclear tests.

Cardoso believes Brazil should expand its participation in the international market.

Brazil is fully participating in Mercosur [Common Market of the South], which now has a gross product amounting to \$800 billion and encompasses a population of 200 million people. Brazil believes regional agreements are not meant to isolate countries, but rather to enable them to enter agreements with other countries, or with other regional blocs. Thus, we are putting the final touches to special relations with Chile and Bolivia within Mercosur. We are also discussing relations within what we have called the "four-plus-one" framework, and Mercosur's relations with NAFTA. Brazil is also a signatory of the Miami agreement — as no agreement has been signed yet, I should say the Miami proposal — which seeks to set up a hemispherical free trade zone by 2005.

Brazil does not see any contradiction between strengthening Mercosur and joining other broader integrating process. All this will not prevent us either from undertaking what we regard as essential; that is, our opening toward Asia. For this reason, we also regard Brazilian-Japanese relations as essential.

Cardoso made a positive evaluation of his visit to Japan.

I want to conclude by conveying my gratitude because, on the political and economic fronts, and from the Brazilian standpoint, our visit has been a success.

Cardoso emphasized the significance of his foreign trips in strengthening Brazil.

Now that Brazil is increasingly joining the global economy, the presence abroad of the Brazilian Government, through its president, has been instrumental in strengthening the country not only abroad, but also at home. The traditional concept is that these visits are mere protocol and meant for leisure. The fact is, however — as the reporters covering these trips can testify — these visits require much work and have yielded tangible results like those obtained here in Japan.

I believe the Brazilian people are aware of this. While there are some who, perhaps for political reasons, may oppose these trips, opinion polls show the people are in favor of these trips. In time, everyone will understand that a country as large as Brazil cannot remain happily isolated because it will ultimately cease to be happy.

Cardoso today ended his three-day visit to Japan. On his return, he will make a stopover in San Antonio, Texas. He is scheduled to arrive in Brasilia at 2200 on 16 March.

[In a related 400-word Tokyo-dated report, Sao Paulo AGENCIA ESTADO in Portuguese at 1952 GMT on 15 March adds: "Six months ago, the Brazilian foreign minister stated that the Brazilian position on the NPT was no longer dogmatic. Japanese and Brazilian reporters heard President Fernando Henrique Cardoso confirm Brazil's new position regarding the NPT treaty, which was signed in 1968 and renewed in 1995. For more than 25 years of NPT existence, Itamaraty justified the Brazilian refusal to join it either on 'a question of principle' or on the fact that the NPT recognizes exclusive rights by some states, namely the right to possess nuclear weapons. Because Brazil has unilaterally given up nuclear weapons and has opened its nuclear facilities to international inspection, the Cardoso administration has now adopted a more pragmatic position."]

Japan: Group Leaves for Mekong Delta To Probe Business Potential

OW1703141696 Tokyo KYODO in English
1048 GMT 17 Mar 96

[FBIS Transcribed Text] Osaka, March 17 KYODO — A mission of business leaders in the Greater Osaka Region departed Sunday [17 March] for a 10-day tour of Vietnam, Myanmar [Burma] and China to explore the

potential of the Mekong Delta, an emerging Southeast Asian economic area.

The Kansai Economic Federation (Kankeiren) mission left Kansai International Airport near Osaka for Ho Chi Minh City, the first leg of their trip.

They will also visit Hanoi, Yangon [Rangoon] and Kunming, the capital of China's Yunnan Province, Kankeiren officials said.

The mission will meet with Vietnamese Planning and Investment Minister Do Quoc Sam and other government and business leaders in the three countries to study investment conditions and regional development possibilities in the delta, the officials said.

The mission, headed by Mamoru Hashimoto, vice chairman of Marubeni Corp., comprises 26 executives of leading trading houses and manufacturers in the Greater Osaka Area. They will return home March 26, they said.

Japan: Hashimoto Urges Cabinet To Support Deregulation Efforts

OW1603223896 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 15 Mar 96 Morning Edition p 3

[FBIS Translated Text] "I want all of you to encourage administrative officials to bring some results." Focusing on the review of the deregulation package scheduled for the end of March, Prime Minister Ryutaro Hashimoto gave this instruction to cabinet members at a ministerial meeting last week.

With the April Japan-U.S. summit approaching, the government wants to accentuate Japan's active stance toward structural reform by presenting a drastically revised deregulation plan, (according to the Ministry of Foreign Affairs). However, the Management and Coordination Agency, which is in charge of the review, is having difficulty determining what to highlight in this revised package, due to the ministries' slow reaction.

One of underlying ideas behind the deregulation package is the easing of regulation on labor-intensive business to meet changes in the employment system. The Labor Ministry has proposed the inclusion of an additional 12 business areas in the revised package. The deregulation subpanel under the administrative reform committee criticized this proposal, saying, "Adding something will not help. The ministry does not even reveal its discussion timetable for eliminating the regulations in principle." The subpanel blatantly criticizes Kasumigaseki [the district in Tokyo where Japan's political establishments are centered] for its reluctance to promote deregulation.

"Our present job is to work out specific measures to improve the areas that have been targeted by criticism" such as the regulation that prevents newcomers' entry into the taxi industry and the auto inspection system. Therefore, the Transport Ministry's Administration and Legal Affairs Division continues to say, "We have no new measures that could attract public attention."

Since all ministries and agencies consider the government's review plan an "effort to make improvements only within the framework of the current deregulation package," there is not much momentum in the reviewing process. Seeing this, Keio University professor Haruo Shimada says, "What is needed is political leadership that breaks down the walls between the ministries and the agencies, and carries out structural reform on the regulation system. However, it appears that the ruling parties' "call for creating eye-catching new measures" did not penetrate the bureaucracy, as they continue to have trouble in settling the *jusen* house mortgage debacle.

Japan: Ministries Urged To Come Up With Deregulatory Steps

OW1803001396 Tokyo ASAHI SHIMBUN
in Japanese 15 Mar 96 Morning Edition p 3

[FBIS Translated Text] In the face of the deadline for the review of current regulations in late March, the Cabinet Councilors' Office on Internal Affairs of the Prime Minister's Office and the Administrative Management Bureau of the Management and Coordination Agency issued on 14 March an unprecedented notice asking each ministry and agency to actively propagate the "effects" of deregulation and the government's "enthusiasm." The notice was issued in response to the strong intentions of Prime Minister Ryutaro Hashimoto, who is setting up a review of the plan as an "eye-catching" policy for his Cabinet after Diet deliberations on and adoption of the budget bill for the next fiscal year. Underlying his eagerness seems to be a sense of crisis that a planned review may fall into oblivion amid lasting confusion in the Diet.

In the notice, each ministry and agency is requested to "indicate expected economic effects" and "explain how the administrative agency's role will change" through deregulation. For a press release on deregulatory steps, the notice asks them to make highlights of the measures clear and to consider including a statement by the minister. In this way, the notice gives instructions aimed at drawing public attention.

Last March, the government announced a plan to promote deregulation for 1,091 items as pressed by

the United States and the European Union [EU]. The deadline for the review is around the corner.

However, due to the slowness of each ministry's action and partly because of prolonging the stalemate in Diet sessions resulting from opposition parties' rejection of the government's measure to liquidate housing loan corporations, "efforts toward deregulation have been deadlocked even though there are many tasks to carry out by the end of March" (according to those close to the prime minister).

Meanwhile, special representative Shapiro of U.S. Trade Representative, in a meeting with executives of the Liberal Democratic Party [LDP], expressed dissatisfaction with the government's position on coming to grips with deregulation. Shapiro's dissatisfaction is indicative of how foreign nations are critical about the government's slow move toward deregulation.

Japan: IMF Chief Welcomes Efforts To Settle 'Jusen' Issue

OW1603142796 Tokyo KYODO in English
1259 GMT 16 Mar 96

[FBIS Transcribed Text] Kyoto, March 16 KYODO — Michel Camdessus, managing director of the International Monetary Fund (IMF), on Saturday [16 March] welcomed Japan's efforts to try to clean up the bad loan mess at seven troubled "jusen" mortgage companies, Japanese officials said.

In talks with Japanese Finance Minister Wataru Kubo, Camdessus said the bad loan problem could adversely affect Japan's economic recovery, the officials said.

The IMF chief was quoted as saying he appreciates measures now being taken by Japan to settle the bad loan problem.

The seven *jusen*, which are now virtually bankrupt due to huge bad loans, will be liquidated with the help of taxpayers' money under a government-brokered scheme.

But the Diet debate on the fiscal 1996 budget, including the 685 billion yen in spending on the liquidation scheme, has been stalled amid strong public anger over the use of tax money in the private-sector issue.

According to the Japanese officials, Kubo said it is important not only for Japan but for the global economy to restore the stability of the Japanese financial system.

Japan will make efforts to pass the budget through the Diet as early as possible, Kubo was quoted as saying.

Camdessus is in the ancient Japanese capital to attend a meeting of finance ministers from the 18-member Asia-Pacific Economic Cooperation (APEC) forum.

The APEC finance ministers will discuss regional macroeconomic issues on Sunday, based on a report from the IMF chief.

Japan: MOF Expected To Let Trust Banks Use Reserves for Bad Loans

OW1803032496 Tokyo KYODO in English
2340 GMT 17 Mar 96

[FBIS Transcribed Text] Tokyo, March 18 KYODO — The Ministry of Finance (MOF) will allow the nation's seven trust banks to dip into their special reserves in order to write off huge amounts of bad loans, the NIHON KEIZAI SHIMBUN reported Monday [18 March].

Currently, the trust banks are required to set aside a maximum of 3 percent of the total loan trust assets for the reserves they have built to manage a fall below the par value of loan trusts.

The Finance Ministry will lower the ceiling to 0.5 percent in response to requests from the trust banking industry, the economic daily said.

The measure enables the trust banks to take a total of about 1 trillion yen from such reserves.

As of the end of last September, the balance of reserves was at 1,235.5 billion yen.

The seven trust banks would be able to clear nearly 70 percent of the problem loans they extended to seven insolvent housing loan firms, or "jusen," if they dip entirely into the reserves, the paper said.

A government-crafted scheme to liquidate the jusen calls for the trust banks to give up 1.5 trillion yen worth of claims to the jusen. The figure is much higher than the trust banking industry's projected overall net operating profits of 600 billion yen for fiscal 1995, ending this month.

Japan: Ties of Crime Gangs to Financial World Viewed

962A0020A Tokyo EKONOMISUTO in Japanese
30 Jan 96 pp 39-41

[Article by Raisuke Miyawaki, former cabinet public relations officer and former National Police Agency bureaucrat: "Politicians, Police, and Mass Media Alike Must Fight Harder"]

[FBIS Translated Text] Criminal gangs are specialists equipped with both brains and brawn. If they

are allowed to throw their weight around like this, Japan's economy will become mafiaized. Both the police and the mass media must turn toward eradicating the criminal gangs and fighting them.

A foreign correspondent points out that Japanese police measures for dealing with criminal gangs are case centered and lack the viewpoint of shedding light on the link between bad loans and criminal gangs. I have come to call the protracted business recession the "yakuza recession," for certainly one may say that so far among the police such an awareness has been wanting. From an administrative standpoint, the police must have an interest in how much the political and economic order is being thrown into confusion by criminal gangs and organized crime, must build a system for constant surveillance, and must set up a system to accumulate data.

Don't View Criminal Gangs Indulgently

The more people are uninformed about the real gang situation, the more they tend not to reflect deeply on the connections between the bad-loan problem and criminal gangs. Yet, since before the war, criminal gangs have run financial businesses together with their construction businesses and naturally have an abundance of financial knowledge. Before the war, when the Japanese economy was small, they did covert financing; but since the war and keeping pace with high economic growth, they have refined their financial know-how in a manner that in recent years has instead been a step ahead of growth.

They seek out what is more efficient. When they understood that business activities were more efficient than the gambling, prostitution, and so on in which they had long been engaged, they turned to business activity. In a Japan where land is the standard, criminal gangs went in the direction of financial business tied to real estate because of its high efficiency.

At the time that I was chief of the National Policy Agency's second investigation division (1978), we defined criminal gangs as "professional crime groups who go into anything that makes money." Criminal gangs are entities that may even be called alchemists turning any slight change in social arrangements or economic arrangements into money. Some 10 years ago when the "new media" became a boom, people connected with NTT offered the rosy dream that the captain system would change our lives. Yet, the captain system stalemated and what did expand was Dial Q2. It is even said that the ones who made the most from it actually were criminal gangs.

In such ways criminal gangs are entrepreneurs brimming with creativity and vitality. For good measure, they also

have brawn. They are specialists combining knowledge and brawn. If they are not understood in that way, their true nature will be misread. They must not be considered indulgently.

For that very reason, it is wrong for those countering criminal gangs just to depend heedlessly on the power of the police. For instance, for the Finance Ministry in the financial field, for the Labor Ministry when someone is squeezing labor-related insurance, or for the Welfare Ministry when being duped on livelihood protection, each ministry and agency must first of all be aware of its own administrative obligations and endeavor to cut out any administrative inequality or unfairness. When, in the course of that, there is a need to get help from the police, they should make contact with the police and work out effective steps. Yet, every ministry and agency had in mind that when criminal gangs were mentioned, they immediately say, "That's for the police."

If each member of the public also does not confront the criminal gangs, each from his own standpoint, the great power of criminal gangs to grow cannot be constrained. However much the police may arrest them and throw them into jail, ultimately they will be let out. When they are out, criminal gangs will not disappear as long as they have room to breathe. A campaign to break this vicious spiral and isolate them from society by the combined efforts of the nation must be coupled with powerful controls by the police and become the basis for antigang measures.

As the public cannot see criminal gangs in the overall, they tend to be inadequately aware of the gravity of the problem. Which is also to say that I consider it journalism's responsibility to grasp and reveal their overall image, for that channel has not been functioning adequately. Magazine journalism has fought rather well. For instance, TAKARAJIMA is reporting what is lacking in the other media, with a sense of mission being linked to its findings. This journal takes the role of rather accurately, and hence richly, providing articles on criminal gang activity.

Dereliction of Mass Media

On the other hand, even when the police made announcements, the newspapers tended — after the bubble's collapse — not to want to even write about relations between criminal gangs and businesses. That may have been a result of each company's public relations measures; but it kept from the public eye the actual situation of criminal gangs deeply interfering in the Japanese economy.

As for the connection between bad loans and criminal gangs, NIHON KEIZAI SHIMBUN took this up on

its 1 November 1995, front page, and articles began appearing in other papers. Yet, THE NEW YORK TIMES had already reported on 18 October 1994, that "the link between criminal gangs and banks is delaying financial recovery." That is more than a year before Japan's mass media took up the issue.

In November 1994, a major economic journal had drawn together a special unit to take up the bad-loan problem. As I felt that the largest problem for Japan's bad loans lies in "gang involvement," I was pleased to think that, since that paper was doing it by forming a special unit, naturally the focus would be on that. Yet, the series of some 20 articles ended without touching at all on criminal gangs. If one digs into the bad-loan matter, one would naturally come upon that; but Japan's mass media have turned their eyes away from such issues.

Bad loans are bad loans because the borrower does not pay up. Whether he does not pay because he cannot, or because he does not intend to pay, whichever the case, the usual way is to collect by legal procedures; but one can see no such effort being made. If one checks into why that is, the link with criminal gangs should be visible as a matter of course.

The 3 December 1995 ASAHI SHIMBUN carried an article reporting that a medium-sized real estate company in Osaka, which is the largest source of financing for home-loan banks, has large deposits in an associated company, even though it has over 200 billion yen in bad loans. From what I hear, that company's officers do not themselves appear to be actual *yakuza* and the press article was written very carefully on that point. Nevertheless, given the newspaper media's news-gathering capabilities, they should have been able to go a step farther and provide their readers with specific data. Even a reporter from NEWSWEEK magazine called it strange that not a word about criminal gangs appears in a big article on a company whose connection to gangs is rumored.

There are problems also with Finance Ministry's measures. Banking Bureau Chief Nishimura was criticized for his handling of the Daiwa Bank affair; but looking at his actions since taking office, one must give him credit on the point of steadily pushing ahead a step at a time on the road to disclosure despite business circles' longstanding resistance and abatement efforts. The problem is one that existed before Bureau Chief Nishimura took office. The attitude was seen of evading responsibility, saying they did not understand the actual situation of the bad-loan problem. As a result, dealing with it was delayed and delayed.

Only now are journalists attacking the posture of the Finance Ministry; but one would hope to see

them reflect on themselves first and keenly sense their responsibility. Since the mass media have investigative ability, they have an obligation to dig into the facts as deeply as possible and reveal these to the administrative organs, politicians and, above all, the public. Without the press' lead and support, many are in a position of finding it difficult to move even if they want to. At this juncture, I strongly hope for the mass media's thoroughgoing investigative reporting.

I think it was just once that I saw a newspaper article on the connection between individual financial bodies and criminal gangs. In the 1 September 1994 ASAHI SHIMBUN and some other papers was carried an article reporting that the Gifu Commercial Bank, a credit union, had failed and was merged with the Kansai Industrial Bank. Out of the Gifu Commercial Bank's total loans of 11 billion yen, 7 billion was in bad loans; and they say that most were *yakuza* involved. *As for the Gifu bank, from the time that it was discovered in July 1991 that a gang boss was on its board, it seems that subsequent developments were reported in newspapers published in the Nagoya region each time something happened; but what was carried in the national dailies was just that the merger was arranged.*

Sins of Economists

There also is a problem with economists. Economists, financial bodies, and real estate people who always insist that public funds be quickly injected to wipe out bad loans speak of "maintaining credit order." They say that bank-run turmoil will break out; but there are many criminal gangs among the large depositors of the credit unions, et cetera. Such fellows have tall antennas, so when they learn there is a risk they are the very first ones to withdraw their funds quickly. Nonetheless, they will be there at the counter together with small depositors raising a rumpus.

Among the economists are many who make a clamor and arouse anxiety that if public funds are not injected, deflation will worsen, a global panic originating in Tokyo will arise, and all nations feel uneasy about Japan's financial system. Yet, among the public and foreign nations there is "uneasiness" now and, at the same time, "mistrust" about the fairness of Japan's financial system. To liquidate this mistrust, it is indispensable that transparency for the bad-loan problem overall be increased, i.e., that disclosure of financial bodies' management situation be smartly dealt with.

If we have disclosure, the issue of responsibility may emerge next. I hear there are even those who evade responsibility by insolently saying that if the top officers resign now, they fear that things will be revealed in rapid

order that would be awkward for those acceding next to the top positions.

Among the famed economists in Japan are many who kindled and fueled the fires that inflated the bubble. Yet, even in the midst of the bubble era there were economists or academicians who said, "This is ridiculous." After the bubble burst, journalism engaged such people when the economists who had contributed to expanding the bubble should have been banished.

So, people who instigated the bubble now speak of hoping for a mini-bubble. They say that if stock prices and land prices rise it will lead to economic recovery. And yet, those who profit in times when policies are followed aiming at boosting land prices and stock prices are the ones who danced during bubble times and ultimately the people and businesses who were badly hurt. Now that the bubble has collapsed, it is criminal gangs who are even now audaciously using the bubble's collapse to make profits. We must not let such people grow fat at public expense.

What we must heed in pursuing responsibility for the bad loans is making a sharp distinction between responsibility for the politics and administration that built the arena of the system and its framework, and the responsibility of players who gambled in that arena and won or lost. If specific responsibility for bad loans is not something that those doing the "loaning and borrowing" should bear, legal order cannot be sustained.

In that sense, focusing on efforts to clarify the real situation and recover bad loans is an indispensable step for winning public understanding and cooperation for injecting public funds. For instance, even if adequate recovery of the bad loans is not possible, the effort to do so will have great significance for informing the public of the real facts about what polished know-how the criminal gangs have and how powerfully they use it to intervene in economic activity. If such an awareness were to pervade society, it might become a great force for excluding the criminal gangs that have permeated deeply and widely into Japan's economy and reinforced their influence, and may check the conversion of the Japanese economy into a mafia economy.

Japan: Hashimoto Studies Appeal to Public on Diet Stalemate

OW1503163396 Tokyo KYODO in English
1442 GMT 15 Mar 96

[FBIS Transcribed Text] Tokyo, March 15 KYODO — Prime Minister Ryutaro Hashimoto is exploring the possibility of appealing directly to the Japanese public over the Diet stalemate caused by his government's

plan to use taxpayers' money to help liquidate seven bankrupt housing loan companies known as "jusen."

Hashimoto is giving serious thought to appearing on television as a means to sell his side of the so-called "jusen" Diet standoff, his aides said Friday (15 March).

The premier is apparently reacting to calls within his Liberal Democratic Party (LDP) that he should be more outspoken about the Diet deadlock as members of the largest opposition Shinshinto (New Frontier Party) continue to blockade the passage to the House of Representatives Budget Committee room and thereby prevent debate on the coming year's spending plans.

At a meeting Thursday with young LDP lawmakers, Hashimoto came under fire for failing to act decisively on the fiscal 1996 budget and was advised by participants to tell the public of the potential adverse effects on the economy of delayed passage of the budget program.

Diet deliberations on the budget, which includes the jusen package, have been stalled by a 12-day blockade by lawmakers from the opposition Shinshinto to prevent the Diet budget panel from meeting.

Meanwhile, the support rate for Hashimoto's cabinet has plunged to 43.3 percent from 63.0 percent in a January survey, according to a new KYODO news poll.

Japan: Budget Impasse, Diet Blockade Enter 3d Week

OW180304Z496 Tokyo KYODO in English
0357 GMT 18 Mar 96

[FBIS Transcribed Text] Tokyo, March 18 KYODO — The Diet budget impasse entered its third week Monday (18 March) with the main opposition party Shinshinto (New Frontier Party) saying it will not obey any further orders from House of Representatives speaker Takako Doi to lift its lower house budget committee room blockade.

The government's top spokesman ruled out a possible meeting between coalition and Shinshinto leaders aimed at breaking the impasse, indicating that the blockade must be stopped before any action is taken.

The spokesman, Chief Cabinet Secretary Seiroku Kajiyama, also said normalization of Diet business is up to the lower house speaker.

Under law, Doi has the authority to order Diet guards to use force to remove Shinshinto lawmakers involved in the blockade, but she has yet to do so.

The Shinshinto sit-in is an attempt to block the passage of the fiscal 1996 state budget that earmarks 685

billion yen in taxpayers' money to liquidate seven ailing mortgage firms or "jusen."

Riding a wave of public outrage, Shinshinto has demanded that the use of public money for the jusen scheme be deleted from the budget.

It also demands Diet testimony by Koichi Kato, secretary general of the Liberal Democratic Party (LDP), a dominant coalition partner, about his alleged receipt of a 10 million yen donation from Kyowa Co., a now defunct steel frame maker and borrower from one of the seven mortgage firms.

A majority leader in the House of Councillors, Masakuni Murakami of the LDP, advised Kato to volunteer to testify in the Diet about the issue because his refusal to do so would arouse public suspicion.

Shinshinto refused Doi's appeal Friday to end its blockade of the room and Doi aides said she is determined to summon Takeo Nishioka, chief of Shinshinto's Diet Affairs Committee, and again issue an order for the blockade's removal.

Meanwhile, the governing coalition held a series of meetings among the leaders and lawmakers of its three member parties to discuss a resolution of the jusen issue, framing of a stopgap budget and normalization of Diet procedures.

Since ample time is required to discuss the full budget in the House of Councillors, coalition sources said a 50-day period is under consideration for the duration of the stopgap budget and is likely to be decided on at a cabinet meeting Tuesday.

But Nishioka told a meeting of Shinshinto members of both houses Monday morning to expect a turning point in developments this week, adding that unless the governing parties make concessions, the party is even more determined to continue picketing the room, participants said.

At 10 a.m., parliamentary guards, acting on Doi's instructions, requested those in the blockade to move out, but the Shinshinto members maintained their ground.

Coalition sources said key budget committee members met in the morning to consult about procedures for discussing the planned provisional budget, and some governing party members said that under current circumstances, an alternative venue for debate should be found. Shinshinto members were again absent from the meeting.

The ruling coalition has a majority in both houses of the Diet, but has not wanted to ram through its budget

in light of registered public anger over the use of tax money for the jusen liquidation plan.

Japan: Telecom Ministry Comments on NTT Estimate

*OW1503125696 Tokyo KYODO in English
1237 GMT 15 Mar 96*

[FBIS Transcribed Text] Tokyo, March 15 KYODO — Telecom ministry officials said Friday [15 March] that all three companies that would be created by the planned division of Nippon Telegraph and Telephone Corp. (NTT) would register profits in fiscal 1999.

The forecast was presented to a hearing held by a working team of the ruling coalition to study the question of the domestic telecom giant's split.

According to a report submitted to the telecom minister by the telecommunications council, NTT should be divided into one long-distance company and two regional companies, covering eastern and western Japan, by the end of fiscal 1999.

On Thursday, NTT, which opposes the plan, told the working team that, if the company is divided, west NTT would incur an 80 billion yen pretax loss in fiscal 1999.

The estimate stands in stark contrast with the council's forecast that west NTT would post a profit of 217.4 billion yen in that year.

North Korea

DPRK: Seoul Rally Protests SOFA, U.S. Kwangju 'Manipulation'

*SK1703065196 Pyongyang KCNA in English
0634 GMT 17 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 17 (KCNA) — The Headquarters of the Movement Against GIs' Crimes held a rally in Seoul on March 14, according to a news report.

The ralliers condemned the U.S. behind-the-scene manipulation of the Kwangju bloodbath and urged an overall rewriting of the subordinate and unequal "Status of Forces Agreement" between South Korea and the United States.

They also strongly urged the U.S. to make clear the truth behind the Kwangju massacre and make an open apology.

After the rally, they marched to the U.S. Embassy and staged a protest there.

DPRK: U.S.-ROK 14-15 Mar Joint Aerial 'War Game' Decried

*SK1703065096 Pyongyang KCNA in English
0636 GMT 17 Mar 96*

["War Exercises Against North" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 17 (KCNA) — The South Korean puppets committed a provocative joint aerial war game against the North with the U.S. imperialist warmaniacs on March 14 and 15, according to military sources.

Tens of fighter planes from overseas bases and more than 880 fighter planes and reconnaissance planes belonging to the puppet air force and the U.S. Seventh Air Force in South Korea flew in the skies above Tokjok and Anmyon Islets and Samchok area to stage the drill.

Meanwhile, a heavy tank group of the puppet army fired over 90 shells aiming at the Demilitarized Zone in the western sector of the front and the 105mm and 155mm artillery groups of the puppet army fired over 250 shells toward areas adjacent to the Demilitarized Zone.

The frequent war exercises of the Kim Yong-sam group are a reckless undertaking to maintain their dirty life by straining the situation on the Korean peninsula.

DPRK: Proposal for Peace Mechanism Supported Overseas

*SK1603100496 Pyongyang KCNA in English
1000 GMT 16 Mar 96*

["DPRK's New Proposal Supported Abroad" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 16 (KCNA) — Organizations in different countries make public statements actively supporting the DPRK government's proposal to conclude a tentative agreement for establishment of a new peace mechanism on the Korean peninsula.

The Swiss Committee for Supporting Korea's Reunification noted that the proposal is a clear expression of the peace policy of the DPRK, which regards it as its ultimate goal to prevent a new war not only in the Asia-Pacific area but also in other areas of the world.

The Zimbabwean National Committee for the Study of the Chuche Idea and the Zimbabwe-Korea Solidarity and Friendship Association urged the U.S. to affirmatively respond to conclusion of a tentative agreement for establishment of a new peace mechanism at an early date, saying that the conclusion of the agreement proposed by the DPRK Government is the most just one in view of the demands of the world people and the time.

The French Committee for Recognizing the DPRK called upon the peace-loving forces in France to fully support the DPRK's proposal.

The Jordan-Korea Friendship Association said that the U.S. is responsible for preventing war in the Korean peninsula and ensuring peace and security in the Asia-Pacific area as a signatory to the Korean Armistice Agreement. The association demanded that the U.S. affirmatively respond to the new proposal reflecting generosity and peaceful stand of people's Korea.

The Finnish Solidarity Committee for Korea's Reunification and the Finland-Korea Society in a joint statement held that the Armistice Agreement at present can solve nothing and the conclusion of a peace agreement can ensure a durable peace.

DPRK: MINJU CHOSON Calls Chon-No Trial 'Political Burlesque'

SK1503054296 Pyongyang KCNA in English
0416 GMT 15 Mar 96

[*"Perfunctory Trial" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA) — MINJU CHOSON today brands the Kim Yong-sam group's trial of Chon Tu-hwan, No Tae-u and other chief culprits of the December 12 military coup and the Kwangju massacre as a political burlesque.

The news analyst says:

Chon and No behaved arrogantly, raising their heads high in the court because they knew they were backed by the traitor Kim Yong-sam.

In response to an examination at the trial, No Tae-u even tried to justify his crime, describing the December 12 military coup as "a nation-saving action," not a military revolt.

The traitors Chon and No could behave so in the court because they were linked with, and defended by, Kim Yong-sam behind the scenes.

In order to conceal his true colors as an accomplice of the slush fund scandal and divert the people's criticism, Kim Yong-sam arrested Chon and No and staged the perfunctory trial.

DPRK Paper on 'Just Proposal' for Year of Peace, Unity

SK1603094396 Pyongyang KCNA in English
0940 GMT 16 Mar 96

[*"Just Proposal for Tiding Over Present Deadlock" — KCNA headline*]

[FBIS Transcribed Text] Pyongyang, March 16 (KCNA) — Our proposal for the Koreans in the North, the South and overseas to make this a "year of peace and great national unity" is the most realistic one to surmount the present difficulties by the driving force of the nation and open up a new phase for peace and peaceful reunification, says NODONG SINMUN in a signed article today.

Pointing out that the proposal indicates the most realistic way for our nation to preserve peace, which is dear to them, and accelerate the peaceful reunification, the author of the article says:

If our country, in which our nation live [as received], is enveloped in the flame of war, its victims are none other than our territory and nation.

Koreans who have the blood and spirit of the nation cannot overlook and tolerate the grave consequences to be entailed by the present situation. This is why a joint meeting of the political parties and organisations in the DPRK called upon the entire nation to turn out in the struggle to preserve peace under the present situation, considering it to be the most urgent and preferential task.

Contained in this proposal are immediate tasks to achieve great national unity, a decisive guarantee for defending peace of the country and achieving its peaceful reunification. Accordingly, it is the most realistic measure to tide over the obtaining difficulties.

Our homogeneous nation, who boast of a long history of 5,000 years, brilliant culture and traditions, must not be playthings and victims of outside forces any longer.

If one wants to achieve the peace of the country in dependence upon outside forces and leaves the important issue vital to the existence of the nation to their mercy, it is the height of foolishness and the most heinous crime. It will only precipitate the self-destruction of the nation.

The great unity of the nation is a decisive guarantee for defending the peace of the country and realising its peaceful reunification.

DPRK: WPK Group Leaves for Funcinpec Party Congress in Cambodia*SK1403213996 Pyongyang KCNA in English
0949 GMT 14 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 14 (KCNA) — A delegation of the Workers' Party of Korea [WPK] led by Hyon Chun-kuk, director of a department of its Central Committee, left here today to participate in the 1st Congress of the Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party of Cambodia.

The delegation was seen off at Pyongyang railway station by Kim Yang-kon, vice-director of a department of the WPK Central Committee, and the charge d'affaires ad interim of the Cambodian Embassy here.

DPRK: Czech Party Leader Receives Visiting WPK Delegates*SK1503010596 Pyongyang Korean Central
Broadcasting Network in Korean
1300 GMT 11 Mar 96*

[FBIS Translated Text] On 7 March, Miroslav Grebenicek, chairman of the Central Committee of the Czech-Moravian Communist Party, received a delegation of the Workers Party of Korea [WPK] led by Chi Chae-ryong, deputy director of a department within the WPK Central Committee.

During the meeting, the chairman asked the head of the delegation to convey his comradely greetings wishing the great leader [widaehan yongdoja] Comrade Kim Chong-il good health and a long life. He also wished that the great leader Comrade Kim Chong-il achieve greater success in leading the Korean people's glorious cause for the reunification of the fatherland and the country's socialist construction.

Saying he would never be able to forget the reception he received from the respected and beloved leader [kyongachanun suryongnim] and the dear leader Comrade Kim Chong-il during his visit to Korea on the occasion of the 80th anniversary of the birth of the great leader Comrade Kim Il-song, Grebenicek pointed out that he deeply realized how powerful is the single-hearted unity of the Korean people, who are firmly rallied around their leader [suryong] and their leader [chidoja].

Grebenicek stressed that the Czech-Moravian Communist Party will further strengthen its friendly relations with the WPK.

DPRK: Russian Ambassador Conveys Russian Policies to Newsmen*SK1503035496 Pyongyang KCNA in English
0340 GMT 15 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA) — A press conference took place at the Russian Embassy here on March 14.

Present there were newspaper, news agency and radio reporters in Pyongyang and press officials of foreign embassies here.

Russian Ambassador Yuri Fadeyev made a statement at the conference.

He informed newsmen of the contents of internal and external policies published by the president of his country at a recent session of the Federal Assembly of Russia.

DPRK: Gathering Held With Officials of Cuban Embassy*SK1503035596 Pyongyang KCNA in English
0342 GMT 15 Mar 96*

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA) — The Korean Society for Cultural Relations With Foreign Countries and the Korean Writers Union Central Committee on March 14 arranged a friendship gathering here with officials of the Cuban Embassy in Pyongyang.

Present at the gathering were Vice-Chairman of the Korean Society for Cultural Relations With Foreign Countries Yang Tal-chu, officials concerned and writers. Cuban ambassador to Korea Jose Ramon Rodriguez Barona and officials of the embassy were present on invitation.

An essay "Flag on Fortress" was read out at the gathering, which was selected in a prize contest of literary and art works which is underway on the 100th anniversary of the start of independence war in Cuba.

The work was handed to the ambassador.

DPRK: Kim Chong-il Gives Guidance at Cartridge Plant 16 Mar*SK1703232496 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 17 Mar 96*

[FBIS Translated Text] Comrade Kim Chong-il, the supreme commander of the Korean Peoples' Army [KPA], has given an on-the-spot guidance at a sporting cartridge plant.

Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people, chairman of the DPRK National Defense Commission, and supreme commander of the KPA, gave an on-the-spot guidance at a sporting cartridge plant on 16 March.

Comrade Kye Ung-tae, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and secretary of the party Central Committee; Comrade Choe Tae-pok, alternate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Cho Myong-nok, director of the General Political Bureau of the KPA and vice marshal of the KPA; Comrade Yi Ha-il, vice marshal of the KPA; Comrades Kim Ki-nam and Kim Yong-sun, secretaries of the WPK Central Committee; Chae Mun-tok, director of the Political Department of the Ministry of Public Security; and other functionaries concerned accompanied him.

This sporting cartridge plant, which was magnificently built with our design, technology, materials, and facilities on Chongchun Street, is a modern plant capable of producing on a large-scale good quality sporting cartridges necessary in developing defense sports.

While looking over various laboratories, including the chemical and physics laboratories fully equipped with up-to-date test facilities, and the cartridge producing process from the production of cartridge materials to the assembly of cartridges, the Supreme Commander Comrade Kim Chong-il acquainted himself with the process of producing cartridges and its technical equipment in detail.

Comrade Kim Chong-il said it is great that research and development of the sporting cartridges of our own style was carried out through our strength and wisdom; that the difficult and complicated machines and facilities for the entire production process were designed and manufactured with their own efforts; and that highly efficient sporting cartridges are being produced with domestic raw materials and other materials, and expressed great satisfaction over the fact that the cartridge plant was magnificently built on their own.

Comrade Kim Chong-il said that because of the solid basis of our self-reliant national economy built by tightening our belts and with our tireless efforts, it was possible to smoothly build in a short time the modern cartridge plant that demands high scientific technology through our own strength, and emphasized that this is another proof of the validity and great vitality of our party's self-reliant national economic construction line.

Comrade Kim Chong-il said that this plant is a model of self-reliance in that it produces bullets, shells, and

powder with their own efforts. He highly assessed the struggle achievements of the university students who are members of the technical revolution team as well as workers, technicians, and office workers for smoothly solving the difficult scientific and technological problems and manufacturing up-to-date production facilities with their own strength and technology by highly manifesting the revolutionary spirit of self-reliance embraced with endlessly loyalty to the party and the revolution, and thanked them.

Comrade Kim Chong-il urged the sporting cartridge plant to produce larger quantities of good-quality bullets to send them to the defense sports sector, and put forth programmatic tasks that are guidelines in the management and operation of the plant.

All the workers and technicians of the sporting cartridge plant were not able to refrain from the great emotion and happiness over the fact that the respected and beloved [kyongaehanun] comrade supreme commander visited this place in spite of the rain and looked over the plant for a long time; gave a precious teaching; and embraced great love and faith. They were overflowing with the blazing determination to bring about a new turning point in the production of sporting cartridges to greatly contribute to the development of the country's defense sports and our people's cultural and sentimental life by thoroughly fulfilling the militant tasks given by the great general.

DPRK: Kim Chong-il Sees Performance by KPA Studio Artists

*SK1703003596 Pyongyang Korean Central Broadcasting Network in Korean
2100 GMT 16 Mar 96*

[FBIS Translated Text] Comrade Kim Chong-il, supreme commander of the Korean People's Army [KPA], saw the light comedy [kyonghuiguk], "Promise."

Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, chairman of the National Defense Commission of the DPRK and supreme commander of the KPA, on 16 March saw the light comedy "Promise" performed by artists of the 25 April film studio of the KPA.

Comrade Cho Myong-nok, KPA vice marshal and director of General Political Bureau of the KPA; Comrade Yi Ha-il, KPA vice marshal; Comrades Kim Yong-kuk and Kim Ha-kyu, KPA generals; Comrade Pak Chae-kyong, KPA colonel general, and generals and officers of the KPA, attended the performance.

Also present there were Comrades Kye Ung-tae, Choe Tae-pok, Kim Ki-nam and Kim Yong-sun, secretaries of the Workers Party of Korea Central Committee.

The light comedy "Promise" is based on a real story that during his visit to the coast artillery women's company on 5 February 1995, the respected comrade supreme commander promised soldiers to see them again when the persimmons were ripe and he showed them deep loving care and favors, not forgetting his promise. As such, the performance vividly showed the happy life of our KPA soldiers who follow the great general by upholding him as their father.

Through the unique light comedy reflecting a bright and merry life of soldiers amid smiles, the writers and artists of the 25 April film studio of the KPA showed with feelings part of the leadership achievements in army building by the respected comrade supreme commander, who visited soldiers in outposts from the new year of 1995 and constantly gave on-the-spot guidance. They also presented the deep philosophical elucidation that relations between the supreme commander and fighters are as the blood relations between parents and sons, not those between one who orders and the other who obeys, and are relations of perfect unity, and that the great general is the father of our People's Army soldiers.

Through the drama, the performers represented well the unshakable faith, iron will, and militant spirit of our People's Army and people to become human bombs to defend the respected comrade supreme commander and carry to accomplishment the chuche revolutionary cause under his leadership.

After seeing the performance, Comrade Kim Chong-il extended thanks to the writers and artists of the 25 April film studio, noting with deep satisfaction that they successfully represented the light comedy, which is of great cognitional and educational importance, with a high sense of revolutionary enthusiasm and militant spirit.

Comrade Kim Chong-il said that over the last 37 years since its foundation, the 25 April film studio of the KPA, true to the party's leadership, has conducted vigorous revolutionary art activities to encourage the People's Army and people in the effort to strengthen the revolutionary Armed Forces and implement the military line of the party and that in the course of this, the level of the writers and artists has been enhanced. He highly appreciated their achievements.

Comrade Kim Chong-il urged the writers and artists of the 25 April film studio of the KPA to produce a greater number of films for revolutionary education of the People's Army soldiers and people; well aware that

they stand on the outposts of the ideological front for the completion of the party's cause of chuche-based army building. He also outlined highly important tasks facing the studio.

Comrade Kim Chong-il, supreme commander, had a picture taken with officials, writers, and artists of the 25 April film studio of the KPA.

All writers and artists in the studio were unable to repress their deep emotion and great joy over the fact that the respected comrade supreme commander personally saw their performance and gave precious teachings, even amid his busy hours in taking care of the overall works of the party, the state, and the military. They were filled with firm determination to actively contributing to encouraging all officers and men of the People's Army to defend with lives the headquarters of the revolution headed by the great general by effecting a new turn in the work of cultural creation, as well as to inspiring them to national reunification and to the accomplishment of the chuche revolutionary cause.

DPRK Daily: Koreans Willing To Share Destiny With Kim Chong-il

*SK1603100096 Pyongyang KCNA in English
0956 GMT 16 Mar 96*

["NODONG SINMUN Says Korean People Willing To Share Destiny With Their Leader" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, March 16 (KCNA) — No matter what may happen in the world, the Korean people's determination to follow the great leader General Kim Chong-il will remain unchanged and the red flag of revolution will always be kept flying high as a symbol of faith and victory of the Korean revolution, says NODONG SINMUN today.

The daily quotes Comrade Kim Chong-il as saying:

"A man with a revolutionary faith entrusts his destiny fully to the leader always in peace time or in hard time and devotedly fights for the party and the leader."

Now the Korean revolutionaries and people are determined to win the final victory in their glorious struggle with the respected Comrade Kim Chong-il as their eternal spiritual support, the daily says in an article, and continues:

Our people are willing to always share the destiny with General Kim Chong-il, holding the red flag of revolution aloft.

He is the destiny and eternal sun of our people. In him they see the living image of Comrade Kim Il-sung.

They have fully trusted in their leader and shared life and death, bitters and sweets with him always in peace time or hard time.

They have devoted their all to the accomplishment of his cause, regarding his ideas and intentions as the motto in their life and struggle.

It has become the spirit of all the people, the trend prevailing in the society to think and act according to his ideas and intentions, follow his traits and fully display them in the struggle and life, devote all the wisdom, energy and efforts to the implementation of his intentions and decisions, regarding them as the standards of their ideal and happiness, and have the same feelings and emotion as he.

So, they are working hard for the future of the country rather than their present-day happiness, true to the intention of the general to make their country, their homeland established by the great leader Comrade Kim Il-song more prosperous and make the country more dignified as the Kim Il-song nation and as a socialist country where the ideal of humanity may be realised first. This is our people's unshakable faith and immovable viewpoint of life.

DPRK: German Business Association Pays Respects to Kim Il-song

SK1503040096 *Pyongyang KCNA in English*
0343 GMT 15 Mar 96

[FBIS Transcribed Text] Pyongyang, March 15 (KCNA) — The delegation of the German Asia-Pacific Business Association led by its president Edgar E. Nordmann on March 14 visited the Kumsusan Memorial Palace, where the great leader President Kim Il-song is preserved in state.

They paid respect before the statue of President Kim Il-song and made bows to the president, who lies in state.

DPRK Article Explains New DPRK Electricity Law

SK1703121396 *Pyongyang MINJU CHOSON*
in Korean 24 Feb 96 p 2

["On the Electricity Law — First Installment"]

[FBIS Translated Text] The Standing Committee of the Supreme People's Assembly recently adopted "The Electricity Law of the DPRK."

The great leader Comrade Kim Chong-il has noted: We should increase the production of electric power to the utmost, not only by effectively utilizing the existing power generation capacity, but by building more hydroelectric and thermal power stations.

Thanks to the correct policy of the fatherly leader and our party on building a self-reliant electric power industry, our country's electric power industry now has a strong base capable of smoothly filling the vast demand for electricity as a leading sector of the people's economy necessary for economic construction, defense construction, and for the improvement of the people's material and cultural life. To further develop the electric power industry and improve and strengthen the work of the electric power industry sector based on this success is an important guarantee to vigorously accelerate socialist economic construction and to firmly solidify the economic position of our style of socialism.

The adoption of the Electricity Law is of important significance in legally solidifying the brilliant successes we have achieved in building a self-reliant electric power industry under the wise leadership of the fatherly leader and our party, and in further developing the electric power industry in conformity with the present demands for deepening and developing socialist economic construction.

The newly adopted Electricity Law consists of seven chapters and 58 articles.

Article 1, which sets forth the underlying clause of the Electricity Law, stipulates the mission of the Electricity Law and the fundamental matters that should be maintained in the work of the electric power industry.

To correctly set forth the mission of the Electricity Law is a prerequisite in carrying out the work of the electric power industry sector in conformity with the party's intent and with the demands of economic development. The mission of the Electricity Law should be properly stipulated so the law can help to rigorously establish regulations and order in building the electric power facilities; in the production, supply, and utilization of electric power; and in commanding the distribution of electricity so as to positively contribute to filling the increasing electricity demand of the people's economy and adding to the convenience of the people's daily life. The legal definition of the mission of the Electricity Law provides firm legal guarantees to thoroughly implement the *chuche*-oriented ideology on the building of the electric power industry of the fatherly leader and the great leader Comrade Kim Chong-il in order to solidify the socialist economic base and to fill to the utmost the ever-increasing demand for convenience in the people's daily life.

The Electricity Law also stipulates fundamental matters in implementing the law.

Electric power is the basic energy of the national economy, and the electric power industry is first within the

national economy. When we give priority to developing the electric power industry ahead of other sectors, only then can we make national economic bases, including industries and agriculture, give full play to their capacity, and only then can we further strengthen our national defense capability. To this end, we should systematically increase investments in the electric power industry in order to firmly prepare a self-reliant and modern base for the electric power industry.

The construction of facilities for generating electric power is very important to strengthening the country's energy base. When constructing electric power facilities, priority should be given to the construction of hydroelectric power plants. At the same time, we should harmoniously construct thermal power plants and power plants driven by various other sources of power, as well as large, medium, and small power plants; we should also construct transmission and distribution facilities. By doing so, we can strengthen the *chuche* character of the electric power industry and guarantee its rapid development in accordance with the inevitable demand of economic development.

To increase and normalize electric power production is one of the basic conditions for meeting the increasing demand for electric power and for guaranteeing the stable development of the national economy. The smooth supply of electric power and the unitary command of the operations of the power supply system are prerequisites for firmly guaranteeing the balance between electric power production and consumption.

The Electricity Law regulates the problems of investment in the electric power industry, the construction of electric power facilities, and the production and use of electric power, providing legal guarantees to give priority to the development of the electric power industry, to firmly prepare electric power industrial bases, to constantly increase the production of electric power, and to effectively use such power.

The Electricity Law also stipulates the state will strengthen scientific research work and the upbringing of scientists and technicians in the electric power industry; will actively introduce modern science and technologies to modernize and automatize electric power facilities; and will strengthen the people's indoctrination in socialism and patriotism so as to make them voluntarily participate in the movement to save electricity and to protect electric power facilities. By specifying the state's role as described above, the law makes it possible to modernize the *chuche*-based electric power industry and to enhance its superiority.

Article 1 of the Electricity Law also stipulates the terms of the development of science and technology

exchanges and cooperation in the electric power industry sector with many foreign countries and international organizations, as well as the terms regarding the joint development and construction of hydroelectric power plants in rivers that serve as borders.

Functionaries and workers in the electric power industry sector should well understand the mission of the Electricity Law and the fundamental requirements for its execution, and should thoroughly meet them so they can actively contribute to the development of the electric power industry and the implementation of the party's revolutionary economic strategies.

DPRK: Further on New Electricity Law

SK1803111196 *Pyongyang MINJU CHOSON*
in Korean 28 Feb 96 p 2

["On the Electricity Law — Second Installment"]

[FBIS Translated Text] Article 2 of the Electricity Law, entitled Construction of Electric Power Facilities, stipulates the principles and procedures for constructing electric power facilities and the mission of the people in charge of the construction.

The great leader [yongdoja] Comrade Kim Chong-il noted:

"We should increase the electricity production to the utmost by effectively using our existing power generating capacity while constructing new hydroelectric and thermal power plants."

Electric power facilities include power plants, transmitting and distributing facilities, and all other facilities necessary for producing, supplying, and using electric power.

Constructing electric power facilities is the first step in implementing the *chuche*-based electric power industry building idea of the fatherly leader [oboi suryongnim] and the great leader [yongdoja] Comrade Kim Chong-il. It is also an important thing that guarantees the enhancement of our electricity production and supply capacity. The proper construction of electric power facilities makes it possible to thoroughly implement the party policy on firmly giving priority to the electric power industry, a key sector of the national economy, in accordance with the specific demands of the developing national economy, to strengthen the material and technological basis of the electric power industry sector, to constantly enhance the electricity production and supply capacity and smoothly meet the national economy's demand for electricity, and to actively contribute to expanding the socialist-style production.

When constructing electric power facilities, we should first focus on building economic and reliable hydroelectric power plants. Our country has abundant water-power resources because it has many mountains and rivers whose courses are steep and fast. A hydroelectric power plant has the merit that once it is built, merely a small investment enables it to produce a lot of electricity. A survey of water-power resources should be conducted before constructing a hydroelectric power plant, which should properly be designed and constructed so that it can be endowed with reserve generating capacity to be used for load adjustment.

While constructing hydroelectric power plants, we should also properly construct thermal power plants in various forms and scales befitting different fuel conditions so that they may use both electric power and thermal power. Only when we properly combine thermal power plants, can we eliminate seasonal fluctuations in electric power production and enhance the dependence on the electric power industry.

What is important in constructing electric power facilities is to actively accelerate the construction of middle and small power plants. It is our party's invariable policy to vigorously carry out the construction of middle and small power plants as a mass movement. Middle and small power plants are our-style energy bases that enable different areas' natural geological conditions and have the potential to be used effectively, and they can be constructed by using domestic reserves, without making a large investment. Only when middle and small power plants are constructed extensively as a mass movement in various areas and sectors of the national economy by reasonably using various energy resources in accordance with each area's specific conditions and realities, can we meet the increasing demand for electric power with our own strength, can lessen the state's electricity supply burden, and can contribute to the local economic development and the improvement of the people's material and cultural living standards.

In constructing electric power facilities, it is also important to actively construct power transmitting and distributing facilities while constructing power plants.

The Electricity Law shows the principles of power facility construction and correctly stipulates the procedures, tasks, and methods of power facility construction. By doing so, the Electricity Law offers a firm legal guarantee for constructing electric power facilities under a long-term program and for thoroughly implementing the party and state policies on the electric power industry.

Article 3 of the Electricity Law, entitled Electric Power Production, specifies problems emerging in constantly increasing electric power production.

Electric power production is one of the basic conditions for meeting the increasing demand for electric power. In order to constantly increase the electric power production, it is necessary to repair and reinforce generating facilities in a timely manner and to raise their utilization rate to the maximum.

What is important in producing electric power is to properly map out an electricity production plan. Only when an electricity production plan is mapped out properly, the hardened electric power production basis can give full play to its capacity, and a balanced power production and consumption can be guaranteed. With a correct estimate of potential electric power production, state planning organizations and other pertinent offices should set up scientific and realistic plans for electric power production.

In producing electric power, it is also important to tenaciously manage generating facilities and organize production. Hydroelectric power plants should service their generating facilities in a timely manner and should effectively operate them at a high water level by securing more water. They should also set up boundaries of restricted zones to protect power plants and reservoirs and should prevent acts, which may interrupt the electric power production, from being conducted within the zones.

Facilities in thermal power plants should be repaired and reinforced; fuel should be saved; and production should be increased by constantly modifying technical and economic indices.

In producing electric power, it is also important to equip boilers and furnaces that are able to produce electric power with generating facilities with a view to producing more electric power by operating them.

Correctly regulating problems of electric power production, the Electricity Law provides a legal guarantee for increasing electricity production by operating all power production facilities, including power plants, at full capacity and by utilizing all favorable conditions and potential to the utmost.

Functionaries and working people in the electric power industry sector should correctly understand and thoroughly meet the legal demands with regard to electric power facilities and production, so that they can actively contribute to firmly preparing the country's energy bases and to constantly increasing electric power production.

DPRK Power Industry Ministry Official on Increased Production

SK1503035796 *Pyongyang Korean Central Broadcasting Network in Korean*
2200 GMT 12 Mar 96

[FBIS Translated Text] Officials and workers in the electric power industry have been vigorously waging the struggle to increase electricity production while flying high the red banner of the revolution.

In an interview with Central Broadcasting Station reporter Hong Song-chol, Kim Hyong-nae, chief guidance official of the General Production Bureau of the Ministry of Power Industry, said:

[Begin Kim recording] Officials and workers of our Ministry of Power Industry are vigorously waging the struggle to thoroughly implement the party's revolutionary economic strategy, while flying the red banner high. As a result, they are continuously increasing electricity production these days.

Officials and workers of thermal power stations are vigorously waging the struggle to better maintain equipment.

At the Huisong Thermal Power Station, officials are positively solving problems. As a result, production increased by 50 percent compared to the previous month.

Officials and workers at hydraulic power stations are also vigorously waging the struggle to [words indistinct]. In particular, the (Changjiagang), Wiwon, and Changjiagang Power Stations are overfulfilling their daily production plans by 20 percent.

Taking pride in being in charge of electric power production, the heart of modern industries, officials and workers in the electric power industry must continuously increase electric power production and [words indistinct]. (end recording)

DPRK Paper: Collectivism 'Soul' of Socialist Society

962C00218 *Pyongyang NODONG SINMUN*
in Korean 7 Nov 95 p 6

[Article by Kim Chong-ok: "Collectivism Is the Life and Soul of Socialist Society"]

[FBIS Translated Text] The great leader [yongdoja] Comrade Kim Chong-il pointed out:

"To weaken the collectivist indoctrination and pull down the collectivist principle in a socialist society, precisely, means abandoning socialism and reviving capitalism based on individualism."

This proposition by the great leader Comrade Kim Chong-il elucidates the grave consequences we have to face in case we fail to strengthen the collectivist indoctrination and embody the collectivist principle in socialist society.

Collectivism, in a nutshell, is an ideology attaching greater importance to the interests of the collective than to those of the individual.

Collectivism is a unique ideology of socialist society. It is because a socialist society is an embodiment of collectivism. The basis of socialist society is collectivism. Socialist society is collectivist both in principle and in ideology. This means that apart from collectivism, socialism cannot exist, nor can it be maintained or develop. Thus, socialist society is based on collectivism, which is its life and soul. Such being the fact, it is a matter of vital importance directly linked with the destiny of socialist society to strengthen the collectivist indoctrination and embody the collectivist principle thoroughly in every area of the social life.

As imperialists—and reactionaries at home and abroad—persist in their activities to put an end to socialism, and as the change of generation goes on, the issue of strengthening the collectivist indoctrination and embodying the collectivist principle in a socialist society takes on increasingly greater importance. If the collectivist indoctrination should be belittled and the collectivist principle met with disregard in a socialist society as a result of constant improvements in the material and cultural livelihood, it will give rise to all sorts of obsolete and reactionary ideologies. All such ideologies are based on individualism. Individualism is an extremely persistent and conservative ideology lurking in people's consciousness, customs, and livelihoods. Even in a socialist society, it would come back through the thinnest crack if conditions allow, and spread widely. If all sorts of obsolete ideologies based on individualism crop up, people become selfish, putting their personal interests above everything. They would unhesitatingly harm other people for their own interests. Capitalist society is based on individualism. Therefore, if individualism is promoted, it leads to the collapse of socialism.

To prove this, there are the cases of countries which, while focusing on the material life, weakened the collectivist indoctrination and abandoned the collectivist principle in their socialist construction, and as a consequence sent the socialism they had been building for decades down the drain.

In the former Soviet Union, all lived as socialist working people, with the whole society forming a large family united by a common purpose and interest. People held

dear the fatherland and the people, the society and the collective, and they could devote their lives for them. The victory of the Soviet people in the Great Fatherland War was the victory of the power of collectivism. All the Soviet people fought valiantly for the Soviet fatherland. In the postwar period, too, they built a rich and powerful socialist country on the war-torn land with their collective labor, as was demonstrated by the "socialist emulation" and "shock-brigade labor" movements. The commanding appearance and dignity of the socialist Soviet Union, backed by its diversely developed economy, high cultural standards, and firm defense power, was the fruition of the collective creations and labor of the hard-working, sincere Soviet people.

However, as revisionism gained ground, the Soviet Union began to gradually weaken collectivist indoctrination and abandon the collectivist principle in revolution and construction. The tendency to view material and economic elements as something absolute emerged. Revisionists led people to become preoccupied with material interests and instilled individualism in them, babbling that "Marxism-Leninism should taste better if it is well buttered," or that "the ideal is to own private cars." By some clever methods, the betrayers of socialism paralyzed the collectivist spirit of people prepared to devote themselves to the interests of the socialist collective. While openly stating they could not "defend barracks-style socialism," or that they "disliked the collectivist way of life," they called for "freedom" and "openness." Meanwhile, they actively staged farces inspiring individualism. While noisily advertising the "superiority" of private enterprise, they went on instituting legal devices to encourage it. As a result, the "Private Labor Law" allowing housewives, pensioners, and students to operate private enterprise in service areas, including restaurants, was enacted in November 1986. Soon after that, it became legal for workers, clerks, and other people to have a second job to "make money." This law, implemented in May 1987, had a negative impact on Soviet society. At the time, nearly 20 million people in the Soviet Union became merchants or were involved in black-market dealings.

The number of private enterprises increased to 8,000 in less than 5 months after the enforcement of the "Private Labor Law." In the Soviet Union in 1986, 1.3 million rural households were engaged in the production of vegetables, raw cotton, and sunflowers on contracts with kolkhoz and sovkhoz farms.

As individualism was promoted, it gave rise to selfish greed among the Soviet people, and this phenomenon gradually came to prevail in Soviet society.

The individualistic principle, not the collectivist principle, thus became applicable to all areas of social relationships, social management, and social life. The relationship between people was no longer one based on the concept of "we" but on the "I go my way, you go your way" concept. In social life, the law of the jungle—"I kill you because I have to live myself"—came to reign. Generally, regulation and control weakened and collective life was met with disdain. Among people, the tendencies grew to dislike organizational life, avoid participation in organizational life, and shun regulation and control and act as they pleased. Many were fascinated by the individualistic Western way of life. At the same time, imperialists extensively played up the Western lifestyle while stepping up propaganda on the capitalist society ruled by the principle that material interests were everything, as if it were a "society guaranteeing freedom and democracy."

People fascinated by individualism thus began to reject the noble collectivist ethos. Furthermore, they harbored enmity toward socialism and embarked on a path to destroy it.

The struggle between socialism and capitalism is precisely that between collectivism and individualism. The Soviet Union became a country in which everything moves not on the collectivist principle, but on the basis of individualism.

Socialism in the Soviet Union, after all, became unsustainable, and collapsed.

Today, the people of the former Soviet Union lament their present society—which is dominated by the struggle for existence and in which the gulf between rich and poor widens daily and all sorts of social evils thriving—calling it a "dark society." They think of the past with nostalgia, days when they lived in a large, harmonious family, helping one another, when they found their pleasure in common interests, and their pride in collective labor. They hate the betrayers of socialism who weakened the collectivist indoctrination and abandoned the collectivist principle and thus led socialism to its collapse.

Collectivism is the basis of socialist society. When we move forward with a firm grip on the collectivist principle, we can firmly defend socialism, bringing its superiority and vitality into fuller play. This is the truth proved indisputably by life.

DPRK Essay Stresses Living, Struggling for Future
 SK1703102696 *Pyongyang Korean Central*
Broadcasting Network in Korean
 2235 GMT 15 Mar 96

[Unattributed essay: "Love the Future"]

[FBIS Translated Text] The revolution is the struggle to reform and develop society and to advance into the future. Revolutionaries who have launched themselves into this sacred struggle are people who love living today for the sake of tomorrow rather than living today for the sake of today; that is, they love the future.

The great leader General Kim Chong-il has noted: For revolutionaries, it is more important to live and struggle for tomorrow than for today.

Dwelling within this valuable remark by the respected and beloved general is the life philosophy which states that revolutionaries should become fighters who love the future.

"Love the future" — this is the outlook on life of revolutionaries. Their attitude toward the future is the yardstick by which to determine whether one is a revolutionary.

Love for the future — this is a warm love for the future of the country and for the coming generations, and a noble sense of sacrifice to which one is willing to devote oneself.

One who does not love the future leads a despicable and pitiable life, seeking only personal comfort and being enslaved by living today for oneself and for one's physical desires, rather than the rewarding life of living for coming generations. It is self-evident that such people cannot become revolutionaries.

Only those who have warm love for the future and who devote themselves to the future can become true revolutionaries and can enjoy a life of eternity respected by the country and by coming generations.

All generations of the Korean revolution, who have pioneered and who have vigorously advanced the chuche revolutionary cause under the leadership of the great leader and the great party, were true revolutionaries who devoted their youth, lives, and noble blood and perspiration to the bright future of the country and to the happiness of coming generations.

The anti-Japanese revolutionary fighters, the first generation of our revolution which achieved the cause of national liberation under the leadership of the great leader Comrade Kim Il-song, were genuine patriots who undertook fierce battles with arms in hand for the day

when the people would happily live in a liberated country rather than for their own selfish interest and fame.

The heroic fighters of the fifties, who faced the enemy's guns without hesitation, laying down their lives for the country and upholding the respected and beloved leader's order, as well as the post-war Chollima standard bearers who built today's independent, self-reliant, and self-defending strong socialist state out of the ruins of war, all the while leading an austere life, overcoming hunger, and striving hard, were our proud second generation of the revolution who added luster to their lives for the prosperity of the country and for coming generations.

The third and fourth generations of the revolution, who inherited the basis of today's rewarding life and happiness from the forerunners of the revolution, are living and struggling, taking as their motto the respected and beloved general's sublime outlook on life of living today not for today's sake but living today for tomorrow's sake. They regard their devotion to the future as their greatest honor and happiness.

The chuche revolutionary cause is an arduous, complicated, and long-term cause. However, Korean communist revolutionaries, who possess a lofty view of living and struggling not for today but for tomorrow and the future, have embroidered the untrodden road with victory and glory, and thus the chuche cause is still victorious today. [music]

Love the future. The chuche-based philosophy of life is about the justness of our cause and about our faith in victory. Korean revolutionaries firmly believe in the justness and victory of the chuche cause. This is an unflinching faith engraved in the hearts of our people from generation to generation. The victory of the revolution is the victory of faith and will.

During the days of the anti-Japanese struggle, the Japanese imperialist aggressors considered the anti-Japanese guerrillas as bran on the sea, and thought they could easily eliminate the guerrillas. The anti-Japanese armed ranks were considered a small force of no match for the one-million-strong Japanese imperialist troops who were fully armed with the best weapons and equipment. However, the anti-Japanese guerrillas were well aware of the justness of their cause and possessed a firm faith in victory. They fought with their faith and achieved victory.

In the confrontation between the revolution and the counter-revolution, the counter-revolution may gain supremacy for the moment, but the final victory is with the revolution that fights for the cause of justice. We will smash the Japanese imperialist aggressors, will liberate

the fatherland without fail, and will build a new world for the people in the liberated fatherland. This was the faith and will in certain victory that enabled the anti-Japanese guerrillas to display an indomitable spirit and untiring patience during their trials and difficulties, and to fight and win like a phoenix, not knowing pessimism or flinching.

During the days of the fatherland liberation war, our People's Army and people inherited the faith of certain victory born by the anti-Japanese revolutionary martyrs as their revolutionary spirit, destroyed the strong imperialist enemies who were proud to say they had never been defeated in their 100-year history of aggression, honorably defended the safety of the fatherland and the happiness of the people, and unsparingly displayed to the world the spirit of heroic Korea.

Love the future. Faith in the victory of the revolution, which is a *chuche*-based view of life and the spiritual legacy of revolutionary seniors, is still the life goal of Korean revolutionaries. Today, during the confrontation against the atrocious and mean [*kugamudo hago piyorhan*] imperialists, our people remain optimistic about the future and about the victory of the *chuche* revolutionary cause, and proudly look to a bright future.

The imperialists and international reactionaries are running wild with blood-shot eyes to isolate and crush our sacred fatherland, the fortress of socialism. However, they are ridiculous and foolish to do so. The life of imperialism is exhausted. Imperialism is a corrupt and ill society. Socialism is a new society where human ideals and the future blossom. Our *chuche*-based socialism is the most superior and popular masses-centered socialism in the world, and the most solid and vital true socialism. Our future will be great and beautiful.

The respected and beloved leader [*suryong*] said during his life that the era of the Workers Party of Korea led by Comrade Kim Chong-il is an era of glory, and will be an even more brilliant and prosperous era. He was endlessly optimistic about the future of the *chuche* cause.

The days of ecstasy and happiness with the accomplishment of the *chuche* cause! The days when our country, our fatherland, will be endlessly prosperous and when the might of independence and the creativity of Kim Il-sung's people will be more vigorously demonstrated all over the world! These days will be our future. [music]

Our future will be the days of reunification when the wall of partition, which has been a symbol of division for over half a century, will be removed and the severed blood lines of the nation will be reconnected, and when all people across the national territory will become

a large and harmonious family in the bosom of the great father and will enjoy every blessing, filled with the boundless dignity of being a prosperous powerful nation.

The future we foresee is an ideal world where sovereignty is the motto of a world without aggression, war, subjugation, or subordination. Our future is indeed a great, beautiful, and romantic tomorrow which is worth loving and which is worth earning by blood and sweat, a future to which we are willing to devote our youth and lives. [music]

The endlessly prosperous future of ours! It is our brightest and most brilliant tomorrow with the great leader [*yongdoja*] General Kim Chong-il. The slogan "Love the future" bears our people's faith and will to death-defyingly defend the respected and beloved Supreme Commander General Kim Chong-il, our destiny and our future, for our future.

The enemy sets an eye on our revolutionary brains [*hyongmyongui sunoedurul norigo itta*] to deprive us of our future. The way to firmly protect our future and hasten the arrival of our brilliant future lies in becoming rifles and guns to defend and protect the respected and beloved general. It is a sublime duty and due obligation of our People's Army soldiers, the fighters of the general, to spend their lives for the respected and beloved Supreme Commander General Kim Chong-il, their benevolent father who personally visits our fighters who protect the fatherland's sentry posts along the front and who gives them his great trust, love, boundless honor, and encouragement.

If the enemy dares to attempt to usurp our future, our People's Army will become matchless rifles and guns to annihilate and sweep them. As long as we have the respected and beloved general, who has built up our faith and our bravery as a matchless army, we have nothing to be afraid of in the world, and we will always be victorious. This is not only the heartfelt cry of the soldiers of the No. 351 highlands, who had the good fortune of being visited by the respected and beloved comrade supreme commander and of posing for honorable commemorative pictures with him, but is also the invincible will of all our youth and people.

Our people absolutely adore and follow the respected and beloved general, who endows us with a bright future and leads us to a hopeful tomorrow. Even if huge mountains and raging volcanoes lie across the road ahead of us, our people will overcome them and will stoutly advance along the single road of *chuche*, the road of socialism, following the general under the streaming red flag.

There is no match in the world for the might of a people who have risen like a mountain with the determination to be willing to devote their lives to the victory of the revolution and to the future, and who are single-heartedly united around their leader [yongdoja] with the will to become rifles and guns. Overcoming all difficulties with the spirit of the arduous march, our people will glorify this year as a historic year when the spirit of the socialist DPRK is vigorously demonstrated all over the world, and will hasten the arrival of their brilliant future.

No matter how frenziedly the imperialists rail, we will achieve the final victory. Love the future! [music]

South Korea

ROK: U.S. Envoy Reportedly Makes 'Secret' Contact With Politicians

SK1603082596 Seoul TONG-A ILBO in Korean
16 Mar 96 p 2

[Report by Yi Song-chu: "U.S. Ambassador Laney's Secret Contacts With Ruling and Opposition Politicians"]

[FBIS Translated Text] James Laney, U.S. ambassador to the ROK, has recently made secret contacts with ruling and opposition politicians one after another, attracting the focus of attention.

Ambassador Laney secretly met with Yi Myong-pak, an assemblyman from the New Korea Party [NKP], on 14 February; with Cho Sun, the mayor of Seoul, on 11 March; and with Yi Chong-chan, an assemblyman from the National Congress for New Politics, on 14 March. On 15 March, he visited the Chongno District chapter of the Democratic Party and met with former Assemblyman No Mu-hyon for about 30 minutes.

Regarding this, on 15 March the U.S. Embassy merely stated: "Ambassador Laney is meeting with National Assembly candidates in a bid to understand the atmosphere and situation concerning the general elections."

However, Ambassador Laney requested in advance that the making of these contacts be kept secret lest the ruling and opposition politicians should be exposed to the public, thus bringing extraordinary attention on his contacts. This has aroused the people's curiosity as to the true intentions of his meetings with ruling and opposition politicians.

According to the remarks of those who met Ambassador Laney, it is likely the ambassador is analyzing the prospects for the upcoming 11 April general election.

Assemblyman Yi Myong-pak, who met Ambassador Laney before the others, stated: "Ambassador Laney asked questions on the prospects for the election, the

possibility of changes in political circles following the general election, and the main interests of our people."

However, some point out that such an analysis would still be possible even if the ambassador did not personally meet with politicians. Thus, he must have had other purposes for the meetings.

Former Assemblyman No Mu-hyon, who engaged in a dialogue with Ambassador Laney on the morning of 15 March, said: "Ambassador Laney showed interest in the economic prospects and in the state of ROK-U.S. relations."

Former Assemblyman No also noted that Ambassador Laney asked him about his views on the prospects for the elections and about the possibility of ROK-U.S. relations being raised as an issue in the general election.

Former Assemblyman No stated he is not aware of what Ambassador Laney's true intentions were in visiting his office.

Some observe that following the recent report that "the U.S. Government gave prior consent to the new military leadership to mobilize troops to Kwangju in 1980," this issue may be raised during the general election, and as a result, ROK-U.S. relations might worsen. Thus, Ambassador Laney's activities may be intended to seek ways to prevent this situation from occurring.

However, taking into account the fact that the politicians whom Ambassador Laney met are all candidates from the Chongno-ku District, the most convincing presumption is that his meeting is aimed at "indirectly appealing" to these politicians by personally visiting them in an attempt to check the issue of moving the quarters of U.S. Embassy employees in Songhyon-tong, Chongno-ku lest this should be raised during the general elections.

The U.S. Embassy is now leasing approximately 11,000 pyong [one pyong is 3.954 square yards] of ROK state land in Songhyon-tong, Chongno-ku, Seoul, as a residential area for its employees.

Residents in this area, who assert that the quarters of U.S. Embassy employees should be removed without fail in order to make the area of Sagan-tong and Songhyon-tong a street of culture, have recently petitioned Chongwadae [presidential offices] and relevant organizations for their removal.

At present, a groundless rumor exists that "a secret tunnel connecting the Embassy residential area and Chongwadae was built beneath the area" is circulating among the residents in Chongno-ku.

ROK: Rally Demands U.S. Reveal Truth About Role in Kwangju

SK1603145796 (Clandestine) Voice of National Salvation in Korean
to South Korea 0300 GMT 16 Mar 96

[FBIS Translated Text] Some 500 members of the Headquarters of the Movement To Eradicate Crimes by the U.S. Forces Korea held a rally at Maronnier Park in Tongsung-tong, Seoul, on 14 March, demanding the revelation of the truth about U.S. support for the Kwangju massacre and an overall revision of the ROK-U.S. Status-of-Forces Agreement [SOFA]. That day, the movement headquarters issued a resolution pointing out that the United States has yet to explain that the United States supported the then-new military regime of the ROK during the 18 May 1980 Kwangju popular uprising, which has recently been disclosed by a secret document of the U.S. Government, and urged the United States to reveal (the truth about the 18 May incident) and to make an official apology to the ROK people.

The movement headquarters also noted that problems with the SOFA, which the ROK and the United States have been discussing since December 1995, cannot be solved merely by revising certain articles, and demanded that the U.S. and ROK Governments make efforts for an overall revision of SOFA.

Following the rally, the participants waged a street demonstration, passing through Chongno, Namdaemun, and Kwanghwamun, then held a protest meeting in front of the U.S. Embassy in Seoul.

ROK: U.S.-DPRK Missile Talks Reportedly Proposed for Apr

SK1703023196 Seoul YONHAP in English
0223 GMT 17 Mar 96

[FBIS Transcribed Text] Tokyo, March 17 (YONHAP) — Washington and Pyongyang are speeding up arrangements to hold negotiations in Europe in April regarding the socialist country's development and exports of missiles, a Japanese daily here reported Sunday, citing a source in Seoul.

In its Seoul dispatch, ASAHI SHIMBUN said that the North Korean military has objected missile negotiations with the United States, but recently changed the attitude through arrangements inside the Kim Chong-il regime. [sentence as received]

The daily noted that the U.S. side proposed the North to have first consultations at the end of April in Europe, and is expected to make Pyongyang's participation in the missile technology control regime (MTCR) a top agenda at the prospected consultations.

The daily added that America figures that the North has shipped 160 improved Scud B and C missiles with a gunnery range of 500 kilometers to Iran only since 1987.

ROK: U.S. Supports ROK Bid To Join OECD

SK1803070196 Seoul YONHAP in English
0609 GMT 18 Mar 96

[FBIS Transcribed Text] Kyoto, Japan, March 18 (YONHAP) — South Korean Finance and Economy Minister Na Ung-pae said Monday the United States supports his country's admission to the Organization for Economic Cooperation and Development (OECD).

Meeting reporters after the Asia-Pacific Finance Ministers meeting here, Na said that U.S. Treasury Secretary Robert Rubin has promised that the U.S. Government would continue to support South Korea's bid to join the Paris-based club of advanced nations.

South Korea will continue to deregulate international capital movement in a prudent manner, because any hasty deregulation would only worsen the existing unfavorable balance of current accounts.

Moreover, South Korea's policy on free international capital flow is significantly restricted by its unique relations with North Korea and it thus cannot be explained simply in terms of market mechanism, he remarked.

As for the funding of social overhead capital (infrastructure) projects, one of the main topics of the meeting, Na said that the South Korean Government is going to introduce foreign loans for this project and then allocate them to the private companies wishing to participate in these projects.

Allowing unlimited commercial foreign loans so that private companies can complete these projects would only disrupt the central bank's monetary control policies, he added.

South Korea enacted a law regulating commercial foreign loans last year, but private companies still only have restricted access to these loans for infrastructure construction.

ROK: U.S. Plans To Lift Additional Economic Sanctions on DPRK

SK1803062596 Seoul YONHAP in English
0241 GMT 18 Mar 96

[FBIS Transcribed Text] Washington, March 17 (YONHAP) — The U.S. Government is putting the final touches to plans to further lift economic sanctions on North Korea.

A certain Democratic senator recently sent President Bill Clinton a letter on U.S.-North Korea relations and four congressmen, including two Republican and Democratic senators, held a closed-door meeting to discuss the possibility of a congressional hearing on issues involving North Korea, a source well versed in Washington-Pyongyang relations said Sunday.

Another source said over the weekend that the House Asia-Pacific subcommittee is planning to hold a hearing on the situation on the Korean peninsula with former Ambassador to Seoul Donald Gregg and other experts on Korean issues in attendance.

The Commerce Department is finalizing plans to allow deals with North Korea on humanitarian grounds, which would make a "general license" unnecessary, the source said, speaking on condition of anonymity.

If the plan pans out, it would follow up on the Treasury Department's recent measures that allow relief funds to be sent to North Korea.

Calling the treasury's action a significant step, he said the Commerce Department's plan to allow humanitarian deals with North Korea without prior government approval is consistent with the treasury's policy.

The proposed congressional hearing will certainly be an occasion in which moves to legislate bills aimed at removing economic sanctions against North Korea are brought to light, the source said.

The major concern now is how much U.S. congressmen would be swayed by reports now being prepared by the UN World Food Program and the International Red Cross on North Korea, he remarked.

ROK: Richardson Named Head of U.S. Liaison Office in DPRK

*SK1503130096 Seoul YONHAP in English
1151 GMT 15 Mar 96*

[FBIS Transcribed Text] Seoul, March 15 (YONHAP) — Mr. Spencer Richardson, who has been designated as the head of a U.S. liaison office to be set up in Pyongyang, has been staying in North Korea since the end of last month, it was learned here Friday.

"Richardson is staying in Yongbyon to help North Korea treat and store permanently the spent fuel rods taken from a nuclear reactor in Yongbyon," a Foreign Ministry official said.

His visit, the official said, is to relieve another U.S. official who had stayed in Yongbyon on a similar duty since early February.

Nevertheless, Richardson's visit may have something to do with his upcoming duty as head of the American liaison office in Pyongyang, a diplomatic source said.

Noting that his stay in North Korea comes at a time when the United States moves to take accelerated steps to improve its relations with North Korea following the general elections in South Korea next month, the source said it is likely for Richardson to discuss with Pyongyang authorities the issue of opening the liaison office during his stay there.

Richardson had undergone language training in South Korea last year in preparation for his duty in Pyongyang.

ROK: Attempted 1995 Military Coup d'Etat in DPRK Alleged

*SK1503124796 Seoul CHUGAN CHOSON in Korean
21 Mar 96 pp 34-35*

[By reporter Kim Tong-sop]

[FBIS Translated Text] In April of last year, an alleged coup d'etat attempt by the 6th Army Corps of the People's Army in Chongjin, South Hamgyong Province was exposed. Thus, it was learned that scores of officers at the general and field grade level were purged. It was learned that the coup d'etat forces planned to first raid a certain university in Chongjin; proclaim their insurrection to the world's media; report the validity of the coup d'etat; and then advance to Pyongyang. This is attracting attention because it is the first alleged attempt at a military coup d'etat in North Korea since Kim Il-sung's death.

A military intelligence official said: "There was a considerable amount of military communications in the Chongjin region last April. As a result of pursuing this matter, we could confirm that there was an alleged coup d'etat attempt." This official also revealed: "It is known that a coup d'etat attempt by the 6th Army Corps was exposed, and that in response Pyongyang carried out a commando operation and arrested those involved in the attempted coup." However, it was learned that there was no other unit from neighboring provinces that cooperated with the 6th Army Corps.

It was learned that due to the aftereffect of this coup d'etat attempt, a large-scale military reshuffle that wholly replaced the 6th Army Corps in Chongjin, North Hamgyong Province, and the 7th Army Corps in Hamhung, South Hamgyong Province was carried out last June.

This military intelligence official said: "There was not even one case in which an alleged coup d'etat attempt in North Korea was proclaimed to the outside. Therefore, it

is difficult to confirm this. To confirm this more in detail takes a lot of time, because we must have testimony from many people; reveal in detail who was executed; and determine whether the military was reshuffled."

The 6th Army Corps is a rear reserve force in charge of South Hamgyong Province. It was learned that its main combat unit consists of one infantry division, one brigade, and one artillery unit. The 6th Army Corps headquarters and the infantry division are located within the city limits of Chongjin, and the artillery unit is located in Kim Chaek City. Army corps near the armistice line have mostly four to six divisions. However, since the 6th Army Corps is in charge of a rear border garrison, the number of affiliated divisions is few and the number of military forces has not been completely filled. It was also learned that its munitions equipment is worn out and forces are armed with outdated equipment.

It has not been revealed in detail who the leader of the coup attempt was. At that time, the commander of the 6th Army Corps was Kim Yong-chun. Nevertheless, late last year Kim Yong-chun was promoted to chief of staff of the People's Army, which is the de facto power of the North Korean military, by even leaving out Choe Kwang. Regardless of an alleged attempted coup by the 6th Army Corps, which was under his command, Kim Yong-chun rapidly emerged as the chief of staff. There is much speculation that he may have been promoted because he rendered distinguished service in exposing the coup d'etat attempt by the 6th Army Corps. Therefore, it seems that the leader of the coup d'etat attempt was probably from the division commander level, not the army corps level.

A People's Army soldier who defected to the South late last year revealed: "The remark 'Do not try to know about the 6th Army Corps incident' spread within the North Korean military." This People's Army soldier also said: "It is certain that some kind of an incident occurred in the 6th Army Corps. However, it has not been identified; thus, many people are curious about this." The soldiers of the People's Army in the front region who could not have a correct understanding of this incident presumed that the 6th Army Corps was one of the incidents in which the military made an indelible mistake, since it had interfered due to a disturbance in the Chongjin region because of a coup d'etat or food shortage.

Military experts note that the coup attempt by the 6th Corps had the symbolic objective of waging a surprise attack on the college, thereby taking control of Chongjin, and then announcing to the outside world that a coup had taken place in North Korea, and

that this objective was very thought provoking. An expert on North Korean affairs said, "Even if the coup troops had succeeded in their attempt in Chongjin, their march onward to Pyongyang would have been virtually impossible because of the poor road and railway networks; it would have taken them over 10 hours by rail. Therefore, the fact that the coup leaders planned to seize Chongjin and then announce it to the outside world suggests that the coup leadership wanted to secure assistance from foreign countries after attracting the world's attention." He said the coup attempt was a noteworthy incident because it demonstrated the possibility of a military coup, which observers had noted as being among the scenarios for political change that could occur in North Korea after Kim Il-song's death.

Chongjin is a city noted for its residents' inclination to resist. Chongjin attracted our attention when it was reported that some 200 college students staged an antigovernment demonstration there in February. The residents of Chongjin, a port city, have comparatively easy access to news from foreign countries, and if the military kindles the fire of a coup, it will not be put out easily.

There have been several coup attempts by the North Korean military. A typical one was the coup attempt by those who studied in the former Russian (Puruche) General Military College in 1992. The coup attempt, led by 40 military officers who studied in the (Puruche) Military College, including An Chong-ho, then deputy chief of the general staff of the Ministry of the People's Armed Forces (62), was aborted because the coup schedule was hampered. The coup attempt was uncovered because a former Russian KGB agent who was aware of the coup attempt leaked the information to a North Korean intelligence official.

The coup plan was to bomb the North Korean leadership, including Kim Il-song and Kim Chong-il, at a meeting celebrating the founding of the North Korean People's Army. The meeting was to be held at the Kim Il-song Square in Pyongyang on 25 April 1992. More specifically, the coup leadership planned to bomb the North Korean leadership, including Kim Il-song and Kim Chong-il, by winning over Major General Kim Il-hun — who studied at the (Puruche) Military College, was a commander of a tank division of the Capital Garrison, and who would participate in the military parade that day — and having him direct a tank gun at the reviewing stand during the parade. After the bombing, the coup troops would seize the control room of the Ministry of the People's Armed Forces in Sosong-tong, Sosong District, Pyongyang, and declare martial law. However, Pak Ki-so, director of the Tank Guid-

ance Department of the Ministry of the People's Armed Forces, objected to the plan, saying: "We cannot dare to direct tank guns at the leader," and the tank division could not participate in the parade, resulting in the coup's failure. The 40 officers who led the coup troops — 30 from the Ministry of the People's Armed Forces and 10 commanding officers in the Field Army — included the deputy director of the Combat Training Department, the deputy chief of staff of the Operational Department, the deputy director in charge of security affairs of the General Staff, and the director in charge of overseas dispatch affairs for the Reconnaissance Department of the Ministry of the People's Armed Forces. An Chong-ho, deputy chief of staff, the key member, was secretly put to death without a trial, and most of the rest were forcibly discharged or given three years hard labor. The (Puruche) General Military College was a Soviet version of West Point which had sister school relations with the Kim Il-song Military General College in 1960, and some 40 North Korean soldiers studied there each year. This was considered an elite training course for the North Korean military. After graduating from a three-year course there, officers were assigned to posts in the Operational Department, Reconnaissance Department, Munitions Department, and the Field Army of the Ministry of the People's Armed Forces. A Mr. Kim who defected from Chongjin to the South in 1994 said: "I have heard that those who graduated from the Soviet Military Academy attempted a coup, and that the commander of the artillery unit of the 7th Corps in Hamhung was involved in the coup attempt and was forcibly discharged." A Mr. Kim who studied in Russia said: "I once heard from a Russian broadcast that a coup had taken place in North Korea, and later some North Korean students who came to Russia to study told me that graduates from a Soviet military academy attempted a coup."

As for the reported deployment of the North Korean Army Corps, the 1st Corps is responsible for the Kangwon Provincial area; the 2d Corps is responsible for the Kyonggi Provincial area; the 4th Corps is responsible for the Hwanghae Provincial area; the 5th Corps is deployed in the area bordering Kangwon and Kyonggi Provinces, which is deployed in the area near the DMZ; the 3d Corps is deployed in Pyongyang; the 8th Corps is in Yongju, North Pyongan Province; the 10th Corps is in Hyesan, Yanggang Province; and the 11th Corps is in Kanggye, Chagang Province. Military experts say: "Food shortages result from structural problems in the North Korean system, and when North Korea's people come to attribute food shortages to the corruption of North Korean society, the military will probably take advantage of this and attempt a coup. We ought to watch the moves of the North Korean military."

ROK: Kim Chong-il Reportedly To Assume Top Posts in Fall

*SK1503134196 Seoul KBS-1 Radio Network
in Korean 1300 GMT 15 Mar 96*

[FBIS Translated Text] A high-ranking government official revealed today that North Korea's Kim Chong-il will succeed to power around this fall. This high-ranking government official said Kim Chong-il will first succeed to the position of party general secretary and then become president. He said that the appropriate period for power succession will be around fall rather than in July, when the three-year mourning period ends.

He said that recently, North Korea's Central Broadcast Service made public a documentary film on Kim Chong-il's biography, noting that this shows his succession to power is near at hand.

He also said that due to the incident of the South side not allowing a condolence delegation to go to North Korea to pay condolences to Kim Il-song and the Song Hye-rim incident, North Korea has more hostile feelings toward the South than we think. Therefore, the possibility of a resumption in South-North dialogue in the near future is thin.

ROK Public Officials To Attend UN Workshop in Najin-Sonbong

*SK1603072596 Seoul YONHAP in English
0714 GMT 16 Mar 96*

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — Senior South Korean public officials will visit North Korea next week for the first time since the last South-North high-level talks held in Feb. 1992, the Ministry of Finance and Economy said on Saturday.

The government delegation led by Kim Gwang-lim, director general of the International Economic Policy Bureau, is scheduled to visit Najin-Sonbong free economic and trade zone next week to participate in a workshop to be hosted by the United Nations Development Program, according to the ministry.

The workshop will discuss details of the Tuman river area development program.

While staying there for 7 days, the South Korean delegation which include senior officials from the Foreign Ministry and the Ministry of National Unification and civilian experts will check social infrastructure in the region as well as study ways to raise the funds for the development of the region.

ROK: DPRK Reportedly Suffers From Energy Shortages

SK1603093996 Seoul KBS-1 Radio Network in Korean 0900 GMT 16 Mar 96

[FBIS Translated Text] It has been learned that North Korea is suffering from energy shortages in addition to food shortages as a result of last year's floods.

CHOSON SINBO, an organ of the General Association of Korean Residents in Japan (Chongnyon), reported in a recent issue that North Korea cannot properly operate thermal power plants because of coal shortages, citing a remark by Kim Kon-il, the manager of the Pyongyang Thermal Power Plant.

CHOSON SINBO said the rate of operations of North Korea's thermal power plants fell because many coal mines were flooded last year, thus affecting the coal supplies.

ROK: CANKHR To Ask UN To Investigate Rights Situation in DPRK

SK1703004896 Seoul THE KOREA HERALD in English 17 Mar 96 p 2

[FBIS Transcribed Text] Together with an international human rights organization, a South Korean group is planning to call for an investigation by the United Nations into the human rights situation in North Korea.

The Center for the Advancement of North Korean Human Rights (CANKHR) in Seoul said yesterday that it is planning to ask the U.N. Commission on Human Rights (UNCHR) to appoint a special U.N. rapporteur on human rights for an investigation into the North Korean human rights situation.

The International Society for Human Rights (ISHR) and the CANKHR will make the request when the UNCHR holds its annual meeting in Geneva tomorrow, a CANKHR official said.

"ISHR and CANKHR see overwhelming evidence of massive, sustained and systematic violation of all forms of human rights in North Korea," he said. "The United Nations is obliged to take this seriously."

"A special rapporteur should be appointed now because the rising tension and the deteriorating economic and social conditions of North Korea have caused extreme human rights violations," he said.

Widespread starvation and growing insecurity in North Korea during the past two years have resulted in severe abuse of human rights, he added.

He said that about 400,000 North Koreans are currently detained and suffering in concentration camps, adding that many of them die in detention.

ROK: DPRK Military Influence Reportedly Strengthened

SK1803055196 Seoul CHUNGANG ILBO in Korean 18 Mar 96 p 2

[Report by Choe Won-ki]

[FBIS Translated Text] It has come to our attention that North Korea's military influence has been strengthened further recently by the fact that the military has taken over some administrative and judiciary affairs. A diplomatic source who returned from Pyongyang said on 17 March: "Recently, the military's supervision and control over the sector dealing with the people has been greatly strengthened in North Korea, such as in the case of letting the military handle the trials of civilians who have violated orders from the superior authority."

He further pointed out: "It is known that Kim Chong-il's administrative guidelines are being carried out on behalf of the supreme commander. This kind of phenomenon has great significance in that it is linked to North Korea's power system following Kim Chong-il's official succession to power."

Yi Hang-ku, an expert on North Korean affairs gave the following analysis of this: "It seems that in order to find a way out of a series of crises that have occurred after Kim Il-song's death, Kim Chong-il is trying to rule North Korea under the 'supreme commander system,' which he has established concentrating on the Military Commission within the Workers Party of Korea."

ROK President Cautions Public Against DPRK 'Military Adventures'

SK1803063196 Seoul YONHAP in English 0630 GMT 18 Mar 96

[FBIS Transcribed Text] Yongin, Kyonggi Province, March 18 (YONHAP) — President Kim Yong-sam on Monday cautioned the general public against the possibility of North Korean military adventures aimed at escaping a crisis created by their own establishment.

Addressing the National Police College commencement, President Kim said, "Very few people are optimistic about the future of the North, and the North Koreans are threatening our security by continuing an arms buildup and most recently the deployment of much of their military strength to the demilitarized zone vicinity... We must always guard against the possibility of military adventurism that seeks an escape from a crisis in the establishment."

To fulfil their responsibility of safeguarding the nation and working with the military to protect citizens, the police must be prepared to promptly respond to any eventuality, he added.

Noting that every police duty is directly related to public welfare, the president called on the police "to become a world-class police force with a vision that supports the country's drive to become a world-class country."

In reference to the upcoming general elections, President Kim said, "Unless we root out the illegal and corrupt practices of our political past, we cannot expect either political or national advancement.... As guards of the election front, the police should be fair and firm watchmen."

ROK: DPRK Signs 33 Investment Contracts for Najin-Sonbong Trade Zone

SK1803092896 Seoul YONHAP in English
0902 GMT 18 Mar 96

[FBIS Transcribed Text] Seoul, March 18 (YONHAP) — North Korea has signed with foreigners 33 investment contracts involving 350 million U.S. dollars altogether for its Najin-Sonbong free economy and trade zone as of early February, according to a North Korean report filed at a recent international conference.

Of all only 20 million dollars has actually been invested, according to the report obtained by the Korea Trade-Investment Promotion Agency (KOTRA) at the '96 Northeast Asian Economic Conference held in Niigata, Japan, Feb. 7 through Feb. 9.

Filing the report, the North Korean delegation proposed that a multi-national "transportation relay firm" be established to facilitate the development of the trade zone and the area surrounding the Tumen River.

A five-member North Korean delegation was headed by Kim Ung-yol, vice chairman of North Korean Committee for the Promotion of External Economic Cooperation.

The North Koreans reportedly explained that a highway linking Najin to Wonjong had been expanded by early February, and the electric railroad linking Najin to Hoeryong has been completed.

During the Niigata meeting, the North Koreans indicated that they have changed the priority order of development projects in the special zone in a way that puts tourism before industry as a sector to push immediately after the development of a transportation-relay base.

ROK: DPRK SPA Chairman Yang Hyong-sop Profiled

SK1803062196 Seoul HANGUK ILBO in Korean
18 Mar 96 p 15

[By Min Pyong-yong, researcher at the Unification Affairs Institute]

[FBIS Translated Text] North Korea is exerting all its efforts to improve relations with the United States. This was the will of Kim Il-song when he was alive, and Kim Chong-il also regards the establishment of diplomatic relations with the United States as the top diplomatic target.

Yang Hyong-sop (71), chairman of the Supreme People's Assembly (SPA), is at the forefront of diplomatic activities by inviting U.S. senators and congressmen to North Korea to improve relations with the United States. He himself has continuously expressed the will to visit the United States.

Yang Hyong-sop is known to be the first rate theorist of North Korea's ideology, playing the role of go-between in Kim Il-song's monolithic ideology. He is being assessed as having excellent international insight, more so than professional diplomats, because he frequently takes part in various international conferences and carries out extensive activities abroad. He is being classified as being from North Korea's top class. He is the husband of Kim Sin-suk who is the daughter of Kim Il-song's eldest aunt. He has not deviated from North Korea's core power during the past 40 years. He ranks number 16 in the Workers Party of Korea (WPK).

He was born in 1925 at Hamju, South Hamgyong Province. He graduated from Kim Il-song University, and also studied at Moscow University, which is known to be the school the top elite attends. He came to stand in the fore as a socialist theorist by serving as the director of the education department of the People's Economy University, the director of the Central Party School, and director of the WPK Marxism-Leninism Institute.

He became alternate member of the Political Bureau and secretary in charge of ideology at the Fifth WPK Congress in 1970, thus, he rose to become one of the core forces.

In 1980, he served as president of the Academy of Social Sciences and in May 1983, he became SPA chairman. He is currently serving his third term as SPA chairman.

He is also serving as alternate member of the Political Bureau of the WPK Central Committee; vice chairman of the Commission for Conferring the People's Prize; director of the Kim Il-song Correspondence College; vice

chairman of the Committee for the Peaceful Reunification of the Fatherland; and chairman of the Democratic Front for the Reunification of the Fatherland. He is known to be very bright and to have a well rounded character. If the liaison offices between the United States and North Korea are established sometime this year, he will be the first one to visit Washington. It seems that he will continue to carry out the offensive of inviting South Korea's parliamentarians after the general elections are held.

ROK: New Head of DPRK UN Mission Profiled

SK1703045496 Seoul CHUNGANG ILBO in Korean
17 Mar 96 p 2

[Report by Kim Yong-ho: "Kim Hyong-u, New Ambassador in DPRK's UN Mission"]

[FBIS Translated Text] Kim Hyong-u, 60, who was nominated as the new ambassador in the DPRK UN Mission replacing Pak Kil-yon, is known in North Korea as a veteran diplomat. Kim Hyong-u was nominated as vice foreign minister in July 1977 at the age of 41. He is well known among diplomatic circles because of his frequent overseas visits and participation in various international conferences.

It is not the first time for him to form ties with the United Nations. He served as ambassador to Switzerland in the mid-eighties after holding the post of vice foreign minister for more than six years. While serving in Switzerland, he carried out diplomatic activities also as a standing observer of the North Korean side in the UN Secretariat in Geneva.

Even after assuming the position of deputy director of the party's Department of International Affairs in December 1988, Kim carried out brisk diplomatic activities. He was elected deputy to the Ninth Supreme People's Assembly in 1990 and is still active in this capacity.

In November 1992, Kim Hyong-u attended the DPRK-U.S. high-level talks held in New York as a North Korean delegate. He also attended the talks between the delegation of the Carnegie Foundation, which visited North Korea to examine North Korean affairs, and Kim Yong-sun, secretary of the North Korean Workers Party. As such, he is known to have been deeply involved in North Korea's dealings with the United States.

Kim, worthy of being a veteran diplomat, often speaks on the party's position regarding international affairs.

In an article contributed to the party magazine WORKERS, in May 1995, he wrote that "since the Cold War has ended, the global situation is advancing toward di-

versification," and pointed out that "with the emergence of Europe and Japan, the U.S. influence is likely to diminish; and France's nuclear tests, despite U.S. opposition, reflects such a trend."

By replacing Pak Kil-yon, who commanded the outposts of DPRK's diplomacy toward the United States, with Kim Hyong-u, North Korea will likely launch the work of formulating new DPRK-U.S. relations, including the establishment of liaison offices.

ROK: DPRK Diverts Military Provisions to Relief of Flood Victims

SK1703032896 Seoul TONG-A ILBO in Korean
17 Mar 96 p 2

[Report by Yi Chae-ho from Washington]

[FBIS Translated Text] It was learned on 15 March that North Korea distributed some of the rice stored for military provisions to the people who are suffering from food shortages.

A Washington source well informed about the North Korean food situation stated: "North Korea already used part of its military provisions as relief for flood victims. North Korea has kept this fact secret for security reasons."

The source added: "The diversion of military provisions for flood relief was confirmed by international agencies and organizations involved in soliciting food aid for North Korea."

The source explained the seriousness of the food shortage in North Korea by citing remarks made on 12 March by Yi Chong-hwa, representative of the North Korean Council for Flood Damage, that "the North Korean military is not opposed to humanitarian food aid." The source stated: "North Korea reduced nine levels of food rations to three, which were defined by work load." Asked to comment on this, Michael Russ [name as transliterated], spokesman for the UN World Food Program (WFP), said on 15 March: "The WFP is not in a position to confirm whether military provisions were diverted for flood victims."

ROK: DPRK-China Trade Down 11.8 Percent in 1995

SK1503135796 Seoul YONHAP in English
1036 GMT 15 Mar 96

[FBIS Transcribed Text] Seoul, March 15 (YONHAP) — Two-way trade volume between North Korea and China amounted to 550 million dollars last year, down 11.8 percent from the previous year.

Chinese customs statistics available here Friday showed North Korea's exports to China totaled 63.6 million dollars, a decline of 68.1 percent from 1994 while its imports from China reached 486.1 million dollars, up 14.5 percent.

Due to the plummeting volume, China was replaced by Japan last year as North Korea's largest trading country. China had been the biggest trading partner of North Korea in 1991-94.

A business source here said the decline in North Korea-China trade was due mainly to the deteriorating foreign exchange situation of North Korea and reduced production of their major exports items such as steel and metallic goods.

The items North Korea imported from China included farm and mineral products worth 294.9 million dollars, textiles (49 million dollars) and electric and electronic goods (34.2 million dollars).

North Korea's products exported to China were steel and metallic goods (23.3 million dollars), chemical items (4.4 million dollars) and textiles (2.5 million dollars).

ROK: Honam Refinery To Supply Heavy Oil to DPRK

*SK1603061496 Seoul YONHAP in English
0607 GMT 16 Mar 96*

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — Honam Oil Refinery Co. announced Saturday it will provide 42,000 tons of heavy oil to North Korea by the end of this month under a supply contract reached with the Korean Peninsula Energy Development Organization (KEDO).

A company spokesman said that KEDO recently awarded Honam a supply contract worth 5.46 million U.S. dollars after it submitted a bid for an FOB [free on board] price of 130 dollars per ton.

Honam is scheduled to deliver the first 22,000 to 23,000 ton shipment Tuesday at its Yochon, South Cholla Province port. The remainder will be delivered at the same port between March 26 to March 28 and will be transported to the North Korean port of Sonbong, the spokesman said.

The bunker-C oil which contains 2.0 percent sulphur will be transported by a Chinese carrier, according to the spokesman.

ROK: Two DPRK Defectors Arrive in Seoul Via CIS Nation

*SK1803021396 Seoul YONHAP in English
0158 GMT 18 Mar 96*

[FBIS Transcribed Text] Seoul, March 18 (YONHAP) — Two North Koreans who recently defected to a country of the Commonwealth of Independent States [CIS] arrived in Seoul Monday, Foreign Ministry spokesman So Tae-won said.

The pair had been working at factories before leaving North Korea, the spokesman said. The spokesman, however, declined to reveal the CIS country where the pair have been staying.

Seoul has accepted the two defectors on humanitarian grounds, So said.

ROK Studies Exchanges of N-S Scholars for Dictionary Project

*SK1703051496 Seoul YONHAP in English
0513 GMT 17 Mar 96*

[FBIS Transcribed Text] Seoul, March 17 (YONHAP) — The government is thinking over exchanges of South and North Korean national-language scholars as part of its unified Korean-language dictionary compilation project, which has been driven to stop languages of two Koreas from becoming heterogeneous and to recover national homogeneity since 1992, an official at the Ministry of National Unification said Sunday.

The official noted, "The ministry is taking academic and personnel interchanges with North Korean scholars into consideration with a view to drive the dictionary compilation works jointly with them."

The ministry selected some 200 South Korean scholars as compilers of the projected wordbook last year, which will include 40,000 items of North Korean language, the official said.

He added that a total of 10 billion won (approximately 12.82 million U.S. dollars) will be invested to publish the grand dictionary in 1999.

ROK Warns Embassy in PRC of Possible DPRK 'Terrorist' Acts

*SK1803025496 Seoul CHUNGANG ILBO in Korean
18 Mar 96 p 2*

[Report by Beijing-based correspondent Mun Il-hyon]

[FBIS Translated Text] The ROK Government has obtained information that North Korea is attempting to carry out terrorist acts against and the abduction of ROK diplomats, business employees, and students staying

in China, in retaliation for the successive defection of core forces in the North Korean system, including Mrs. Song Hye-rim, Kim Chong-il's former wife. As such, the ROK Government handed out an emergency instruction to the ROK Embassy in China urging it to pay special attention to protecting the personal safety of ROK people in China.

Pursuant to the instruction, the ROK Embassy held an emergency countermeasures conference on the night of 16 March. Following this, the embassy plans to invite representatives of the ROK business firms and students in China to the embassy on 18 March in a bid to call on them to "pay special attention to their personal safety."

Embassy officials also intend to visit relevant officials in the Chinese Foreign Ministry, public security authorities, and other Chinese Government offices, on the morning of 18 March, to explain this situation. Thus, the embassy will ask the Chinese authorities to take special measures for the personal safety of the ROK people in China.

ROK: PRC Embassy Requests Added Security Against DPRK Terrorism

SK1803092596 Seoul YONHAP in English
0830 GMT 18 Mar 96

["N.K. Attempting Terrorist Acts vs. S. Koreans in China: Official" — YONHAP headline]

[FBIS Transcribed Text] Beijing, March 18 (YONHAP) — North Korea is attempting to assault and kidnap South Koreans residing in China in revenge for the escape of Song Hye-rim, former wife of its de facto leader Kim Chong-il, a South Korean Embassy official here alleged Monday.

Quoting an intelligence report obtained from various sources, the official said that Pyongyang has recently selected as their targets South Koreans residing in the three northeastern Chinese Provinces of Jilin, Liaoning and Heilongjiang.

Song fled from her Moscow apartment in January along with relatives and an attendant and is currently taking refuge in an unidentified nation.

North Korea is threatening to "club South Koreans living in the three Chinese provinces to death," according to the official.

Seoul's mission in Beijing asked Chinese diplomatic and public security authorities Monday to take steps safeguarding the personal safety of such residents in China and to beef up security at South Korean diplomatic missions.

It also convened a meeting of leading expatriates, led by Amb. Chong Chong-uk, working at South Korean businesses, financial institutions and research institutes operating in China to caution them against possible acts of terrorism by North Koreans.

Of the 18,000-plus South Koreans living in China, most of them reside in its three northeastern provinces, with nearly 3,000 alone in the Yanbian Korean Autonomous Prefecture, Jilin Province. About 5,200 South Koreans live in Beijing, including some 3,200 students.

ROK: PRC To Control Border To Prevent DPRK Defectors' Entry

SK1603084396 Seoul CHUNGANG ILBO in Korean
16 Mar 96 p 2

[FBIS Translated Text] The PRC Government, which has virtually and tacitly allowed North Korean defectors to enter the PRC, plans to strictly control the further entry of North Korean defectors by strengthening guards along the border, probably beginning in the latter half of this year. This was stated on 15 March by a Japanese expert on North Korean affairs.

The Japanese expert, who recently contacted a ranking Chinese official in Beijing, stated "the Beijing authorities feel the problem concerning North Korean defectors has already reached a dangerous level," adding: "The PRC will officially begin taking measures to strictly prevent North Korean defectors from flowing into the PRC by strengthening guards along the border between North Korea and the PRC."

Regarding this, Russia also began talks on border controls with North Korea. The issue concerning North Korean defectors has emerged as a new pending issue between North Korea and neighboring countries, and the development of situation will attract public attention.

ROK: Signs of 'Cautious Improvement' in Russia-DPRK Ties Noted

SK1503225496 Seoul SEOUL SINMUN in Korean
15 Mar 96 p 6

[FBIS Translated Text] There are signs of cautious improvement in Russia's diplomacy toward North Korea. This began when Foreign Minister Yevgeniy Primakov took office two months ago, on 10 January. Despite his short term of office, he is considered to have succeeded in keeping a balance in diplomacy to some degree, without any particular ripples, by deviating from the previous consistently pro-Western diplomacy. What is particularly distinctive is that former allies of the old Soviet Union are uniting by centering on Russia. Russia's recent decision to set up new relations at the na-

tional level with Ukraine and Belarus is largely due to his diplomatic acumen.

The same goes for Russia's relationship with its former ally, North Korea. These attempts are seen within the perspective of efforts to reinstate Russia as a superpower. Minister Primakov attracted our diplomats' attention by attending Kim Chong-il's birthday banquets held at the Olympic Penta [name as transliterated] Hotel in Moscow and the DPRK Embassy on 16 February. Taking into account the fact that high-ranking diplomatic officials visiting Russia or ambassadors of other countries are frequently rejected at the doorstep of his office, this move attracts attention.

Recently, the Russian side appointed Deputy Prime Minister Ignatenko chairman of both the ROK-Russia joint economic committee and the Russia-DPRK joint economic committee, but Russia is working to hold the Russia-DPRK joint economic committee meeting first, prior to the ROK-Russia meeting. This coincides with Russia's recent diplomatic trends.

An official in the Russian Foreign Ministry reveals: "At the request of North Korea, we are working to hold the joint economic meeting with North Korea prior to the June presidential elections." In light of the current scale of ROK-Russia trade and the absence of pending economic issues between Russia and the DPRK, it is presumed to be somewhat intentional that Russia is treating our country on the same level as North Korea. Since last year, we have consistently proposed that the ROK-Russia joint economic meeting be held to discuss the issue of Russia's debt repayment, but it has not been held on the grounds that "a chairman has not been appointed."

Also, during a seminar on the *chuche* idea held for three days from 12 February at Moscow University, the Russian side showed friendliness toward the DPRK by participating at the incumbent deputy minister level. Attendees included Deputy Minister Panov.

Russia's "balanced diplomacy" toward South and North Korea was clearly manifested in the process of handling Staff Sergeant Cho's asylum incident, which occurred at the Russian trade mission in Pyongyang. Regarding the North Korean authorities' threat to expel an ITAR-TASS correspondent and its direct denial and rebuttal of Russia's suicide announcement on Staff Sergeant Cho, Russia is just saying "Let's overlook it."

Victor Kremenyok [name as transliterated], deputy chief of the U.S.-Canada Institute in Moscow, offered the following analysis: "Russia's ensuing gesture of appeasement toward North Korea is a phenomenon correlated between pressure from local political circles to seek

diplomatic substantiality and an approach toward Great Russia by North Korea, which anticipates a revival of the Communist Party of the old Soviet bloc." It is being suggested that Russia's approach to North Korea will be all the more strengthened in that North Korea is an important market for Russian weapons and nuclear energy.

ROK Plans To Establish Exclusive Industrial Complex In Russia

SK1703025096 (Internet) The Digital Chosun Ilbo
WWW in English 1155 GMT 16 Mar 96

[FBIS Transcribed Text] The Korean government is planning to set up an exclusive Korean industrial complex in the Nakhodka area located in the Russian eastern coastal area. The Korean government is now holding talks with its Russian counterpart with a view to eventually striking a formal co-operation agreement.

The Foreign Ministry stated Saturday that the legal base for the special/exclusive/free economic zone contemplated in Nakhodka was founded after President Yeltsin signed a presidential law authorizing the establishment of such. If possible, as early as this May the Korean government will enter into discussions with Russia about the entering into a contract to stipulate the duties in relation to the management and administration of the zone, which under the law must be generated as a precondition to the commencement of activities in the area.

The size of the zone is approximately 3.3 million square meters and a minimum 50 lease has been negotiated. The Korean government will inject capital in the amount 50 billion won and the industrial activities of over 200 businesses will be carried out in the zone. Companies engaged in the timber processing, fish products processing, textile and needlework, metal assemblage and machinery industries are some of those that will be conduct operations in the new zone.

ROK President Congratulates Yeltsin on New Telecom Network

SK1503213396 Seoul YONHAP in English
0832 GMT 14 Mar 96

[FBIS Transcribed Text] Seoul, March 14 (YONHAP) — President Kim Yong-sam took part in a video conference Thursday that connected Moscow, Seoul, Rome and Kiev, and sent a congratulatory message to Russian President Boris Yeltsin on the new international communication network.

In his message, Kim said that Russia's new communication facilities will certainly enhance the friendship and cooperation between Russia and neighboring countries,

and contribute significantly to the development of Russia's market economy.

"I hope that the Seoul-Moscow partnership and their cooperative relations will continue to grow stronger and that Russia will play a mediating role that helps link Asia and Europe," Kim said.

The video conference began with a complimentary speech by President Yeltsin and was followed by the congratulatory messages from President Kim, Italian President Oscar Luigi Scalfaro, and Ukraine President Leonid Kuchma.

ROK, Laos Agree on Details of Bilateral Cooperation Accords

SK1603075696 Seoul YONHAP in English
0736 GMT 16 Mar 96

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — South Korea has agreed with Laos to details of the draft agreements on investment guarantee and economic, scientific and technological cooperation in a meeting held in Vientiane, the Foreign Ministry here said Saturday.

A ministry official said, "With the two agreements, the two countries are expected to expand bilateral cooperation in the fields of trade, investment and technology. Especially, we expect that participation of South Korean businesses in the Mekong River area development project will expand."

The agreements will be formally signed when a senior Laos official visits South Korea, according to the ministry.

South Korea's investment in Laos reached 14 million U.S. dollars in 7 cases as of December last year.

ROK, Egypt Sign Agreements on Trade, Investment, Visas

SK1703103196 Seoul YONHAP in English
0838 GMT 17 Mar 96

[FBIS Transcribed Text] Seoul, March 17 (YONHAP) — South Korean Foreign Minister Kong No-myong and his visiting Egyptian counterpart 'Amr Mahmud Musa initialed agreements on trade and investment guarantees Sunday afternoon at the Foreign Ministry, a ministry spokesman announced.

The two ministers also inked an accord on mutual exemption of visas for diplomats and officials, and a memorandum of understanding on the establishment of a high-level policy consultation forum, the spokesman said.

Prior to this, the Egyptian foreign minister, who arrived here on the day, paid courtesy calls on President Kim Yong-sam and Vice Prime Minister-National Unification Minister Kwon O-ki in the morning to exchange opinions on inter-Korean and Middle East issues and ways to enhance bilateral economic cooperation.

Musa, who is the first Egyptian foreign minister to make the official visit to the country, will depart for Malaysia Tuesday.

ROK: Asia Motors, Swedish Firm To Produce Military Vehicles

SK1703003896 (Internet) The Digital Chosun Ilbo
WWW in English 1154 GMT 16 Mar 96

[FBIS Transcribed Text] Asia Motors and Swedish Hugland Saturday entered into an agreement to jointly produce the multi-purpose tactical military vehicle BV 206 for supply to the Korean Army and export to countries in Asia.

Hugland developed this most recent armed carrier caterpillar model BV 206 for the purposes of carrying personal ammunition and food supplies. The unit price is valued at around \$US 180,000.

ROK Editorial Urges Government To Mediate PRC-Taiwan Dispute

SK1603121296 Seoul HANGYORE SINMUN
in Korean 16 Mar 96 p 3

[Editorial: "Conflict in the Taiwan Straits and ROK Diplomacy"]

[FBIS Translated Text] The rivalry in the Taiwan Strait continues. Despite pressure from the international community, for several days the PRC has conducted missile launch exercises and joint Navy-Air Force live-fire exercises in the Taiwan Strait. Taiwan has responded with ground-to-air missile firing exercises, and the United States has dispatched aircraft carriers to the Strait in protest of the PRC's action. This incident seems to have changed from a PRC-Taiwan issue into a PRC-U.S. political issue, on which both sides have staked their pride.

The current PRC-Taiwan conflict cannot simply be disregarded because of the PRC's strong insistence on a "one China" policy and because it is merely a strong PRC warning against forces promoting Taiwanese independence in the forthcoming presidential election. The PRC's military exercises also indicate Beijing's displeasure with the United States, which tries to influence the PRC by playing the so-called "Taiwan card." This is represented by Washington's roundabout support for Taiwan's independence movement and its weapon exports

to that nation. The PRC military exercises are characterized as a calculated military demonstration aimed at achieving a political purpose. Observers at home and abroad, including in the United States, feel the tension in the Taiwan Strait will not develop into actual armed conflict. This view is supported by the PRC leadership's promise not to invade Taiwan by force, as well as by moves by the United States and the PRC to engage in secret dialogue.

Although the PRC-Taiwan issue is indicative of complicated problems, we must point out that the PRC's attitude of trying to achieve its political aim by use of military threats runs counter to universal justice in the international community, and it is not desirable to resolving PRC "national issues." If any power is allowed to apply military pressure against a minor nation, it would be difficult to secure peace within the international community; above all, this method would certainly be used to prompt and justify an unnecessary arms buildup in Northeast Asia.

The ROK Government assumes a very prudent attitude toward the situation in the Taiwan Strait. It appears Seoul is trying to prevent both the PRC and Taiwan from becoming dissatisfied with the ROK by siding with neither nation due to the North Korean issue. However, it is not proper diplomacy for a country to make easy choices, taking another's feelings into consideration. Being the country nearest to the Strait, the country that would unavoidably come under the greatest influence in a PRC-Taiwan conflict, and a country that has common economic interests with both the PRC and Taiwan, it would be wise for the ROK to express a more active, clear position on this matter. I hope the government will seek ways to demonstrate its diplomatic ability by meditating between the two countries to resolve their mutual conflicts and protect peace in Northeast Asia.

ROK MND Announces Plan 'To Promote Trust in Army'

SK1603061796 Seoul HANGUK ILBO in Korean
15 Mar 96 p 2

[Report by Hong Yun-o]

[FBIS Translated Text] On 14 March, the Ministry of National Defense [MND] announced "a comprehensive plan to promote trust in the army," which is designed to elevate the image of the army as a popular army trusted by the people.

For this, the MND selected 10 major tasks from those presently assigned to the MND and Joint Chiefs of Staff, including national defense policy, budget, work on improving defense capabilities, protection of military

facilities, and military operations. The MND decided to push ahead with detailed plans in each field.

The national defense policy is to include medium-and long-range national defense development projects, a military policy for North Korea, and a disarmament policy to prepare for national reunification. In accordance with this policy, the exchange of information and intelligence between the military and civilians will be expanded.

Plans for the national defense budget include expanding competitive contracting; introducing science-oriented budget management, and amending the present working-level guidance over the work of improving national defense capabilities so as to be able to ascertain fair budget execution.

By amending pertinent laws and regulations as necessary, the stable livelihood of soldiers and their families, as well as that of discharged soldiers, will be ensured. In addition, the system of reserve forces and the system of physical examination and medical treatment will be improved so that units and manpower are managed reasonably.

ROK To Increase Frequency of Firing Exercises on Tokto Islets

SK1603030996 Seoul YONHAP in English
0242 GMT 16 Mar 96

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — The frequency of police guard firing exercises on Tokto islets in the East Sea, the territorial rights of which are currently being disputed by Korea and Japan, will be increased from every six months to every three months, the National Police Administration said Saturday.

The change is in response to the recent increase in the number of Japanese patrol boat sightings near Tokto, and will go into effect in late March after all 29 of the guards are replaced.

The guards are equipped with M60 and caliber-50 machine guns and M203 grenade launchers.

Before the diplomatic row flared up in late February, Japanese patrol boats had been sighted near Tokto once or twice a year.

Since Feb. 27, however, four 3,000-ton Japanese patrol boats have been alternately cruising near the islets every three to seven days, according to the National Police.

ROK Lifts Restrictions on Sailing Through Taiwan Strait

SK1503125496 Seoul YONHAP in English
1210 GMT 15 Mar 96

[FBIS Transcribed Text] Seoul, March 15 (YONHAP) — The Maritime and Port Administration said Friday it was lifting restrictions on Korean vessels' sailing through the Taiwan Strait effective zero hour Saturday.

An official of the administration said the lift is because China's missile training in the seas near Keelung and Kaohsiung came to an end at zero hour Friday.

The official said that a check with the Chinese Embassy in Seoul showed that China terminated the missile training but would carry on live-ammunition shooting training by its naval and air forces, begun on March 12 in the southeast seas of China, through March 20.

ROK Opposition Parties To Make 1992 Election Funds Major Issue

SK1603020696 (Internet) The Digital Chosun Ilbo
WWW in English 1307 GMT 15 Mar 96

[FBIS Transcribed Text] The opposition Democratic Party [DP] on Friday proposed an earlier start to the 15th National Assembly after the general election to hold hearings on the 1992 presidential election funds. The National Congress for New Politics [NCNP] and the United Liberal Democrats agreed to the proposal. The ruling New Korea Party rejected the proposal, saying it was a political strategy designed to compensate for a lack of election issues.

The opposition parties will make this the biggest issue of the general election. Other big issues will be the NCNP's candidate contribution money and Tokto Island. The Democratic Party announced that "President Kim Yong-sam should immediately disclose information regarding the presidential election fund, leaving people with no suspicions. The NCNP should reveal documents, if they exist, that show that Kim Yong-sam received 300 billion won from No Tae-u."

ROK Candidates Move To Disassociate Themselves From 'Three Kims'

SK1603032496 (Internet) The Digital Chosun Ilbo
WWW in English 1311 GMT 15 Mar 96

[FBIS Transcribed Text] The so-called "Three Kims", president Kim Yong-sam, National Congress for New Politics [NCNP] leader Kim Tae-chung and United Liberal Democrats leader Kim Chong-pil, have already disappeared, at least from the campaign trail.

In a new trend, candidates from all three parties are choosing to disassociate themselves from the hereto-

fore popular "Three Kims". In the past the three politicians faces were pasted all over campaign literature. Currently, however, new personages have surfaced. In the case of the ruling New Korea Party [NKP], the most popular is Yi Hoe-chang, a former chief judge turned-politician or Pak Chan-chong, a former opposition leader. Seoul Mayor Cho Sun is a popular choice among the opposition NCNP candidates.

In one case, a ruling NKP candidate chose not to use president Kim Yong-sam's picture at all but opted instead for Pak Chan-chong. Another candidate from the NCNP used one picture of party leader Kim Tae-chung, albeit a very small one. Instead he wrote about having met Seoul Mayor Cho Sun.

This phenomena, until recently, was unthinkable. Such was the popularity of the three that it's been said that a candidate for the opposition party, lacking a picture, made a quick sojourn to America to have one taken with Kim Tae-chung, who was staying there at the time.

Nowadays often there isn't even mention of party affiliation. The reason cited is fear of losing voter confidence and the desire to be associated with a new class of politician. The "Three Kims" hometowns remain the only exception.

ROK: DP Adviser Claims Kim Tae-chung Collected Political Funds

SK1603075796 Seoul YONHAP in English
0453 GMT 16 Mar 96

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — Political mudslinging about which party leaders have accepted money from nominees in past elections is becoming more frequent.

Yi Ki-taek, a Democratic Party [DP] adviser, claimed Saturday that Kim Tae-chung, head of the National Conference for New Politics (NCNP), was deeply involved in collecting cash contributions from opposition party nominees in past general elections.

In a press conference, Yi challenged Kim Tae-chung to a public debate to clarify the role money plays in the nomination process.

Kim Tae-chung was co-chairman of the DP when he retired from politics after his losing effort to become president. His followers left the DP at Kim's urging last summer and together with their "re-surfaced" leader formed the NCNP.

"It was Kim Tae-chung himself who created the guidelines for selecting party candidates under the national representation system," Yi insisted.

He said that the guidelines, of course, included how much cash each nominee should contribute.

"I believe Mr. Kim should tell the truth about collecting money from party nominees during past general elections and own personal assets," Yi said.

The press conference was held after Rep. Kim Sang-hyon of the NCNP charged Yi Thursday with personally pocketing 1 billion won from a cash contribution made by Rep. Sin Chin-uk.

Yi said Sin made the unfounded accusation after he turned down his request to be chosen National Assembly Standing Committee chairman.

ROK: NKP Unveils Election Pledges for Metropolitan Area

SK1703004296 *Seoul THE KOREA HERALD*
in English 17 Mar 96 p 2

[FBIS Transcribed Text] The ruling New Korea Party [NKP] vowed to develop Seoul, Incheon and Kyonggi Province into the hub of economy in Northeastern Asia when it unveiled election pledges for the metropolitan region yesterday.

For this, the party said it will drastically ease administrative regulations and expand infrastructure in the metropolitan area.

The party also said it will work out new environmental policies for the metropolitan area to improve the public's livelihood.

According to the party's election promises, Seoul would be developed into the center of international finance and information in the coming 21st century.

At the same time, Incheon would be turned into the hub of transportation with expanded port facilities. The party promised to complete the construction of a new international airport in the Yongjong island off Incheon at an early date.

Koyang in Kyonggi Province would be developed into a city of inter-Korean exchanges, the party said.

But the party gave no details on how to raise funds needed to carry out these election promises.

As a way to ease the traffic jam in Seoul and its vicinities, the party said it will push for a task force to deal with traffic problems in the metropolitan region.

The task force would be made up of public officials from the Ministry of Construction and Transportation, the Seoul City government, the Incheon City government and the Kyonggi provincial government.

To ease housing shortages, the party said it will push for the construction of 250,000 houses annually in the capital and its surrounding area.

Other election promises the party put forth included the provision of pollution-free tap water and the construction of soccer stadiums in Suwon and Hanam, both cities in Kyonggi Province.

"Our party's election promises are focused on developing vision for the metropolitan region and resolving problems directly related to public livelihood," said Pak Chan-chong, who is in charge of the party's campaigning in the metropolitan area.

He also said his party will carry out those promises so that the metropolitan region will become a symbol of national reconciliation and development.

The ruling party expects its campaign pledges for the metropolitan region to help win the upcoming general elections in the area.

Four parties have been desperate to win the elections in the metropolitan region with 96 of the 253 parliamentary seats up for grabs.

Officials of the parties believe that the outcome of the elections there will determine the future of their parties.

ROK: Requests To Join Candidate Support Groups Resisted

SK1703003996 *(Internet) The Digital Chosun Ilbo*
WWW in English 1153 GMT 16 Mar 96

[FBIS Transcribed Text] It is a common practice in Korea in the lead-up to the general elections for candidates to circulate letters to various officials, workers, ex classmates, friends, family, acquaintances etc. petitioning for their subscription to or joining candidate support groups.

These letters are regarded by recipients as little different from taxation notices due to the inevitable burdensome financial consequences that accompany them.

By age, salary-men, professional and company chiefs in their 40s and 50s receive the most letters. By industry, bank officers and chiefs are the most targeted.

In years gone by, Korean society has dictated that the joinder of supporter group is essentially compulsory, the refusal to comply resulting in possible loss of face and disparagement of reputation and sense of loyalty.

This year, however, bankers have joined force and resolved to stand up to the practise. This year, due to changes in the election law resulting in the stipulating of limitations upon party disposition of campaign funds, letters have come in teems. At the end of February,

a number of bank secretaries communicated and in concert decided that they would resist all requests for them to join supporter groups. This is the first time such social antagonism has been aroused and one wonders whether it will herald a new general societal reaction to this old habitual method of indirect campaign fund raising by candidates.

ROK Women Candidates Seen as 'Liability' to Party

SK1703011596 Seoul THE KOREA HERALD
in English 17 Mar 96 p 2

[Report by staff reporter David Cho]

[FBIS Transcribed Text] Political parties fill their speeches and campaign promises with the typical rhetoric that you might expect during a national election. But when faced with the reality of losing an election contest, the parties are utterly practical.

So when the ruling party chose its candidates for April's general elections, Yang Kyong-cha was not surprised that she was the only woman among 253 nominees.

"Other ladies wanted to be nominated very badly, but the President is very worried about the race. The elections are cutthroat and every seat is important to us. We have to have success," she said.

Women candidates, in other words, are a liability to the party.

Yang says she wanted the ruling party to nominate more women, even though she realizes that she is an exceptional case.

She got her nomination primarily because of her experience in the National Assembly and in her community. Yang held a non-elected seat (called proportional representation) for two terms and, for the last 30 years, has lived and developed connections with important members of the community in her district, Tobong.

But since few women have Yang's experience and connections, few received nominations. Currently, there are only nine women running in a field of about 1,000 candidates.

The lack of women nominees is a problem for the political parties, one p/really make all these policies happen," she said.

"For example, two parties suggested developing welfare for elderly and disabled women, but they cannot explain where they will get the budget for that program."

Prof. Son also said she has heard such promises before, recalling the example of past pledges to revise the family law.

The family law states, in part, that only a husband or father can be considered, "the head of the household" and that people with the same surname cannot marry each other. Women's rights organizations want both articles of the law repealed.

"Four years ago, the parties promised to revise the law during the elections for the 14th National Assembly and they didn't; last year in the local elections, they promised, and they didn't; and this year they promised to revise it again," said Prof. Son, who is also the executive chairwoman of the Citizen's Coalition for Fair Elections.

"This time we will be checking if they will really do it."

But the fact that the parties produced a list of specific campaign pledges to women at all is progress, she conceded.

While Prof. Son mainly faulted the political parties for the lack of women nominees, Sin Nak-yun, a vice president of the main opposition National Congress for New Politics (NCNP) which nominated five of the nine women candidates, added other reasons.

"First, there are not many women interested in becoming politicians relative to men," said Sin, who also heads the NCNP's Special Committee on Women Issues.

"Second, these days you need more money, power and sometimes a brutal attitude to win an election, and it is far more difficult for women to get these things. Women, because they are women, do not get the donations and public backing from organizations that men do."

Sin explained that much of these difficulties result from cultural prejudices against women in politics.

"But prejudice is prejudice, we cannot force change on the way people feel. Yet I think once our women candidates are given the chance they will prove they are capable," she said.

But it will be difficult, Sin said noting that any woman candidate has to have a strong will to face cutthroat competition from men and, ironically from other women.

Sin, however, who is on the NCNP's list for proportional representation, said that in her heart, she would support any women from any party who can get elected to the National Assembly. Of course, she said, she could not openly support a candidate outside of her party.

But candidate Yang's commitment to the advancement of women in politics extends only as far as the border of her party.

As practical as the ruling party that made her their only female candidate in the coming elections, Yang said, "I will not support the election of women of other parties."

ROK Ruling, Opposition Parties Campaigning Activities Noted

SK1803023396 Seoul THE KOREA TIMES in English
18 Mar 96 p 2

[FBIS Transcribed Text] Ruling and opposition party leaders were all busy on Sunday as they had to attend district chapter rallies and other party functions aimed at vote-gathering for the April 11 general elections.

Rep. Kim Yun-hwan, chairman of the ruling New Korea Party [NKP], criss-crossed his district chapter in Kumi, Kyongsang-pukto, yesterday to win over voters in the T-K (Taegu-Kyongbuk) region where antipathy for the current administration runs high.

Kim called on T-K voters to support the NKP to bring about political stability and put an end to regional political rivalry.

Kim warned that the nation will be plunged into social turmoil if the opposition wins a majority at the National Assembly through the April 11 elections.

Yi Hoe-chang, chairman of the NKP's central election campaign committee, took part in a seminar on the Internet at party headquarters in Yoido yesterday morning.

The function, organized by "netizens" within the NKP, was aimed at wooing young voters who are interested in computer communications.

Yi Chan-chin, a computer whiz kid who has reportedly been tapped as a would-be national constituency lawmaker on the NKP ticket, delivered a speech titled "Internet and Information Society" and held a question-and-answer session with chief campaign manager Yi and officials of the NKP secretariat.

Pak Chan-chong, the NKP's chief campaign manager for the Seoul area, participated in a rally to reorganize the Sodaemun-B district chapter. Paek Yong-ho, a political newcomer, was elected chapter chairman.

Pak stressed the need for the NKP to win a majority in the Assembly to ensure political stability.

Kim Tae-chung, president of the National Congress for New Politics, appealed to voters to support the main opposition party at a joint rally held to reorganize four district chapters in Ulsan, Kyongsang-namdo.

Kim argued that the NCNP has to win one-third of the Assembly seats or more in the April elections in order to put an end to President Kim Yong-sam's "high-handed" rule.

Kim, now beleaguered by political payoff allegations by disenchanted deputies, again raised the familiar issue of President Kim's campaign funding in 1992.

At a separate rally in Seoul, NCNP chief campaign manager Chong Tae-chol demanded state prosecutors launch an investigation into the presidential campaign funds.

Hong Song-u, chief campaign manager of the Democratic Party, Yi Pu-yong and other reformist leaders of the minor opposition party, wooed young voters in "Wave of Hope" rallies at the entrance to Mt. Kwanak, Sinsegye Department Store in Chonho-tong, Lotte World in Chamsil and Myonmok Market.

They called for an end to the three Kims' control of politics and the looming regionalism.

ROK: 'Mudslinging' by Opposition Parties 'Likely' To End Soon

SK1803024096 Seoul THE KOREA TIMES in English
18 Mar 96 p 2

[By staff reporter Yim Chin-hong]

[FBIS Transcribed Text] Political mudslinging by the Democratic Party [DP] and the National Congress for New Politics [NCNP], accusing each other of taking cash contributions from party nominees is likely to end soon.

The scandal began with a demand by Rep. Yu Chun-sang that a cash contribution of 200 million won to the NCNP head Kim Tae-chung be returned. Rep. Yu claimed that Kim Tae-chung had collected the money on condition that he be nominated a party candidate. After failing to win the nomination, Rep. Yu demanded NCNP leader Kim refund his cash contribution.

In criticism of the well-publicized incident, the Democratic Party called on the NCNP to fully disclose the way it collects cash contributions.

Bristling at the accusation by the Democratic Party, the NCNP launched a countercharge, saying that the DP is in no position to point an accusing finger at it. It charged DP leader Yi Ki-taek with personally pocketing 1 billion won from a 4 billion won cash contribution Rep. Sin Chin-uk made in return for his nomination for an Assembly seat under the proportional representation system in the 1992 elections.

The DP's Yi Ki-taek retorted immediately that NCNP President Kim was responsible for collecting cash contributions from nominees in the past, suggesting that the NCNP leader and he hold a public debate on the issue to clear up all suspicions about the money

issue. However, he did not appear to intend to push the challenge home.

Yi made a conciliatory remark in a press conference Saturday, saying, "It is not desirable at this point in the election campaign for the two opposition parties to engage in energy-consuming and self-inflicting debate. We should instead be concentrating on defeating the ruling party."

One official in the DP described the participants in the ongoing squabble as "having cut off the branch they are sitting on." In fact, spokesmen of the two opposition parties agreed to shove the stanching issue to the backburner.

Meanwhile, the ruling New Korea Party, which has been under pressure to disclose details of its own slush fund problems stepped up its attack on the two opposition parties in a bid to turn the tables.

The cash contribution irregularities appear to derive from a rather structural problem, in that all the political parties, except for the ruling party, do not have easy access to cash contributions via public channels.

The existing political fund law stipulates that political parties can raise funds through membership fees, sponsors' contributions, government endowments and voluntary contributions for individual parties made through the election committee.

The government endowment is determined by the parties' individual floor strengths.

Political donations by businesses and individuals are virtually monopolized by the ruling party because businesses and wealthy people are reluctant to make donations to the opposition parties, apparently because they do not want to offend the party in power.

For instance, the ruling NKP has received 10 billion won in political donations with the recipient fixed by the contributors. But opposition parties have not received any in this category, which reflects vividly how much business leaders fear about possible disadvantage by donating funds to opposition parties.

The opposition parties collect political funds mainly from zealous individual supporters. As a result, opposition parties appear to have no option but to resort to donations from persons involved in the nomination.

ROK: Highlights of Foreign Exchange Control Law Revisions Noted

SK1803095796 Seoul YONHAP in English
0735 GMT 18 Mar 96

[FBIS Transcribed Text] Seoul, March 18 (YONHAP)
— Beginning June 1 the government will be able to sus-

pend foreign-exchange transactions, including currency exchange and payments in foreign currency, during war-time, insurrections or other emergencies.

Private companies that take out foreign loans will be required to deposit a portion of the foreign currency in the foreign exchange equilibrium fund for a fixed period of time in case there is large difference between domestic and international interest rates.

The money exchange business will be liberalized and anyone having a fixed amount of capital, the required facilities and employees will be able to open a money exchange office.

These are some of the important highlights of foreign exchange control law revisions that were made last year by the Finance and Economy Ministry. The changes will take effect June 1, after receiving the State Council's approval, ministry officials said Monday.

The revised foreign exchange control law lifts most foreign-exchange controls, except for such unavoidable restrictions as that on the amount of foreign currency overseas travellers are allowed to take out of the country.

The emergency suspension of foreign-exchange transactions and the mandatory deposit of a portion of foreign loans are necessary to fill the possible loopholes of the liberalized foreign-exchange market, according to Kim Pyong-ki, an international financial officer for the Finance and Economy Ministry.

In related developments, the ministry has also decided to extend the maturity period of foreign exchange equilibrium fund bonds from the current five years to 10 years.

The foreign-exchange brokerage business is also going to be liberalized so that a joint-stock brokerage company will be able to serve as brokers on the foreign-exchange market, provided that it has assets of at least 5 billion won.

At present, Korea financial telecommunication and clearings institute is the only foreign-exchange broker.

ROK To Expose Trade, Investment Barriers in U.S., Other Nations

SK1603030396 Seoul THE KOREA TIMES in English
16 Mar 96 p 9

[FBIS Transcribed Text] The Ministry of Finance and Economy [MFE] said it will expose trade and investment barriers in nine major countries, including the United States, Japan and China.

By the end of June, the government will team up with the private sector to gather all types of information on visible and invisible trade and investment barriers, as well as unfair trading systems and practices among the nation's nine major trading partners, including the European Union, Indonesia, Malaysia, Thailand, the Philippines and Vietnam.

After gathering the information, the government will consult with lawyers to seek ways of solving the problems Korean businessmen and traders face in those countries, a MFE official said.

Seoul has always been "defensive" in its trade policy, having just addressed complaints and concerns raised by the United States, the European Union and other Western countries. But the government said it will pursue an "offensive" trade diplomacy in the interest of Korean businessmen abroad.

ROK: KEDO Executive Board To Meet in New York 18-19 Mar

SK1603004896 Seoul YONHAP in English
0043 GMT 16 Mar 96

[FBIS Transcribed Text] New York, March 15 (YONHAP) — South Korea, the United States and Japan will hold an executive board meeting of the Korean Peninsula Energy Development Organization (KEDO) in New York from Monday through Tuesday, the KEDO Secretariat announced Friday.

It will be the first such meeting of the international consortium tasked with building light-water nuclear reactors in North Korea since all three countries appointed new executive directors.

It is expected that the upcoming meeting will address the financing of heavy oil shipments to the North and the admission of the European Union to the KEDO Board of Executives.

Also to be discussed are strategy for follow-up negotiations to the light-water reactor supply accord and matters related to commissioning the Korea Electric Power Corp. as the prime contractor for the reactor project are also expected to be discussed.

The South Korean delegation will be headed by Chang Sun-sop, administrator of the Office of Planning for Light-water Reactor Project. The U.S. delegation is to be led by Ambassador Paul Cleveland and the Japanese delegation by Ambassador Hiromoto Seki.

The KEDO executive board meeting was originally scheduled for mid-February, but was delayed due to replacement of directors.

As a result, the first contact between KEDO and North Korea to discuss a follow-up protocol, which was originally scheduled for February, has been postponed.

ROK: Provincial MBC Affiliates Join Strike To Oust President Kang

SK1803021196 Seoul YONHAP in English
0122 GMT 18 Mar 96

[FBIS Transcribed Text] Seoul, March 18 (YONHAP) — Unionists at provincial affiliates of Munhwa Broadcasting Corp. (MBC) went on strike Monday in support of MBC workers' struggle to press resignation of President Kang Song-ku, a Seoul MBC spokesman said.

Approximately 1,200 union members from 19 locals staged a walk-out at 5:00 AM, in protest of Kang's reappointment as president of the MBC station in Seoul.

The 870 MBC employees in Seoul went on strike last Thursday, demanding that the board of directors, which unionists say is influenced by President Kim Yong-sam, rescind its reappointment of Kang.

The union has accused Kang of using his influence to broadcast biased reports in favor of the ruling camp.

The national association of MBC trade unions decided to stage a rally in front of the MBC building in Yoido, and more than 1,000 members including 500 from provincial affiliates are expected to attend the rally.

MBC, meanwhile, has canceled its "special coverage" of the trial of Dec. 12 military coup and May 18 incidents resumed Monday morning.

ROK: ESCAP To Study Construction of Asian Highway, Railway

SK1603085296 Seoul YONHAP in English
0825 GMT 16 Mar 96

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — Government delegations from the 22 Asian and Pacific-rim countries agreed to actively study ways to build an Asian highway and steadily push for construction of a trans-northeast Asian railway, the Foreign Ministry said Saturday.

The agreement was reached at the 8th meeting of the steering group of the Committee for Regional Economic Cooperation of the Economic and Social Commission for Asia and the Pacific (ESCAP), which was held in Seoul from March 13 through 16.

The 22 member countries including South Korea, the United States, China, Russia and Japan agreed that they begin to study ways for the "Asian highway" construction early next year and that they make efforts

to connect the Asian railway network with railway network of other regions. North Korea, also an ESCAP member, did not participate in the meeting.

The Asian highway, if constructed, will pass through South and North Korea, China, Mongolia, Russia, Vietnam, Laos, Cambodia and Thailand in its north line and go through India, Pakistan and Iran in its south line, according to the ministry.

The trans-northeast Asian railway will pass through South and North Korea, China, Mongolia, Russia and Kazakhstan, and ultimately be linked to European railway network.

Meanwhile, the meeting emphasized that intraregional economic cooperation among northeast Asian countries is vital to the development of the whole Asian and Pacific region. The participants agreed that expansion of investment in and trade with Mongolia and far eastern region of Russia is necessary.

ROK: NTA To Investigate Foreign Workers Suspected of Tax Evasion

SK1603024096 Seoul YONHAP in English 0207 GMT 16 Mar 96

[FBIS Transcribed Text] Seoul, March 16 (YONHAP) — The National Tax Administration (NTA) is going to begin investigating foreign wage-earners who are suspected of tax evasion.

Non-Koreans who remain in the country for more than six months without paying income tax will be subject to investigation, officials said Saturday.

The NTA is going to obtain a list that identifies approximately 12,000 people who came to work in Korea last year from the Justice Ministry's Immigration Bureau, and compare it to a list of foreigners who have stayed here for more than six months to identify those who have a source of income but have failed to pay income tax.

It is also going to obtain information about foreign language instructors from private institutes.

Those who are suspected of having a source of income will be sent a letter next month to advise them to file a tax return with the nearest tax office by May. Those who fail to comply will be sent two or three reminders and will then be called in for a tax audit.

People who work in the local offices of foreign companies and receive two paychecks — an officially declared one adjusted for the relatively low local pay scale and a supplement from company headquarters — will also be investigated.

ROK Immigrants Allowed To Take Out More Foreign Currency

SK1703004196 (Internet) The Chungang Ilbo WWW in English 17 Mar 96

[FBIS Transcribed Text] Beginning in June, Korean immigrants will be allowed to take out more money than at present. The head of a household will be allowed to take 400,000 dollars to use for settling in another nation with additional 200,000 dollars permitted for each family member. This is double the amount currently allowed. Also the ceiling on institutional investors' deposits in overseas financial institutions which currently stands at 100 million dollars, will be totally eliminated. The ceiling for ordinary corporations and individuals, however, will remain the same. New measures will include total deregulation on as to where overseas corporations established by Korean companies spend the money they received from the parent company.

ROK Tax Administration Takes Measures To Ease Tax Filings

SK1803004296 (Internet) The Chungang Ilbo WWW in English 18 Mar 96

[FBIS Transcribed Text] The Office of National Tax Administration is considering a policy in which each household whose husband and wife's combined annual income from financial investments exceed 40 million won will be notified of the actual amount of their income. When this policy goes into effect, people who are subject to composite taxation will be able to receive data on their total incomes before filing a final tax report to tax authorities.

The Office of National Tax Administration expects that these measures will reduce the confusion in tax filings as well as prevent false reports in the first year of its execution.

ROK: 'Seoul-Inchon International Airport' Name for New Airport

SK1803013396 Seoul YONHAP in English 0051 GMT 18 Mar 96

[FBIS Transcribed Text] Seoul, March 18 (YONHAP) — The mammoth new airport under construction on Yongjong-to island off Inchon is going to be named "Seoul-Inchon International Airport" and, in abbreviated form, "Inchon International Airport."

The construction and Transportation Ministry will seek a government approval for the name by the end of this month for it to be reported to the international civil aviation organization in April, ministry officials said Monday.

Several names were considered, including Yongjong, Inchon, New Seoul and Sejong International Airports.

Yongjong was eliminated because it is unfamiliar to foreigners and difficult for them to pronounce, while Sejong was discarded because there is no other domestic airport named after a historic figure, according to the officials.

Seoul-Inchon was chosen in light of the fact that combining the names of two neighboring cities are not unacceptable in light of such examples as Seattle-Tacoma and Tokyo-Narita International Airports.

Ground will be broken in May the first phase passenger terminal of the new airport, which is scheduled for completion at the end of 1999.

With a total area of 357,000 square meters, the first-stage passenger terminal will be able to handle 27 million travelers each year, nearly double the 16.5 million that pass through Kimpo Airport.

ROK Remains 27th Largest Contributor to UN's PKO

SK1803062796 Seoul YONHAP in English
0251 GMT 18 Mar 96

[FBIS Transcribed Text] Seoul, March 18 (YONHAP) — South Korea remains the 27th largest contributor to the United Nations Peacekeeping Operations (PKO) with a 261-member peacekeeping force serving in four conflict-ridden nations as of the end of February, the Foreign Ministry said Monday quoting a United Nations report released over the weekend.

South Korea currently has PKO troops in the African states of Angola and Western Sahara, the former-Russian Republic of Georgia and Cashmire, which lies between India and Pakistan.

The United States has the largest UN peacekeeping force with 2,399 troops, followed by Bangladesh with 2,021, India's 1,987, Russia's 1,222 and Finland's 1,010. There was a total of 26,357 UN peacekeeping troops at the end of February.

ROK: Anniversary of 1960 Civil Uprising Observed in Masan

SK1503054696 Seoul YONHAP in English
0451 GMT 15 Mar 96

[FBIS Transcribed Text] Masan, South Kyongsang Province, March 15 (YONHAP) — Some 5,000 citizens

here attended an event Friday commemorating the 36th anniversary of the 1960 civil uprising against the rigged presidential election by the then-ruling Liberal Party led by Syngman Rhee.

Approximately 80 students and citizens in Masan were either killed or injured during demonstrations protesting the corrupt election of Yi and Vice President Yi Ki-pung 36 years ago.

Kang Chu-song, chairman of the Commemorative Association of March 15 Movement in Masan, said in a speech, "The united spirit and sense of justice by Masan citizens have made the civil uprising remembered as a righteous historic event, which is even now written in secondary school textbooks."

Patriots and Veterans Affairs Minister Hwang Chang-pyon, noting that the spirit of the movement had been distorted by political forces in the past, said, "The movement should now be evaluated as a noble democratic uprising."

ROK: Second Session of Chon-No Trial Opened 18 Mar

SK1803065396 Seoul YONHAP in English
0257 GMT 18 Mar 96

[FBIS Transcribed Text] Seoul, March 18 (YONHAP) — The second session of the treason trial involving former Presidents Chon Tu-hwan and No Tae-u and 11 other players in the Dec. 12, 1979, and May 18, 1980, incidents opened at the Seoul District Court at 10 AM Monday.

The defendants are charged for their roles in the 1979 Army putsch, in which Chon, then Army major general, and his followers arrested at gunpoint then Army Chief of Staff Gen. Chong Sung-hwa and several other loyal generals.

Prosecutors are to question 12 defendants on Chon's role in the incident. Their interrogated No, among all, in the first session last Monday.

Three defendants charged with treason only for their roles in the bloody suppression of the 1980 Kwangju uprising were not present at the trial.

The third session is slated for next Monday.

Burma

Burma: Thai Prime Minister, Delegation Arrive in Rangoon

BK1703150396 Rangoon Radio Myanmar in Burmese
1330 GMT 17 Mar 96

[FBIS Translated Excerpt] A goodwill delegation led by Thai Prime Minister Banhan Sinlapa-acha and his wife, Khunying Chaemsai Sinlapa-acha, arrived at the Yangon [Rangoon] International Airport on a special plane at 0900 today to pay a goodwill visit to the Union of Myanmar [Burma] at the invitation of Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and prime minister of the Union of Myanmar, and his wife Daw Kyaing Kyaing.

The Thai delegation was welcomed at the airport by: Sr. Gen. Than Shwe, SLORC chairman and prime minister, and his wife Daw Kyaing Kyaing; Gen. Maung Aye, vice chairman of the SLORC, deputy commander in chief of the Defense Services, and commander in chief of the Army, and his wife; Lieutenant Gen. Khin Nyunt, secretary-1 of the SLORC; Lt. Gen. Tin U, secretary-2 of the SLORC, and his wife; Vice Admiral Maung Maung Khin, member of the SLORC and deputy prime minister; Lt. Gen. Tin Tun, member of the SLORC and deputy prime minister, and his wife; U Ohn Gyaw, minister of foreign affairs, and his wife; Brigadier Gen. Khin Maung Than, chairman of the Yangon Division Law and Order Restoration Council and commander of the Yangon Military Command, and his wife; U Tin Win, Myanmar [Burmese] ambassador to Thailand, and his wife; Thura U Aung Htet, director general of the Protocol Department of the Foreign Ministry; Mr. Valeriy V. Nazarov, dean of the diplomatic corp and ambassador of the Russian Federation, and his wife; senior diplomats from the foreign embassies and their wives; and Thai Embassy staff. [passage omitted on welcoming ceremony]

Burma: Thai Prime Minister Begins Historic Official Visit

LD1703102996 Melbourne Radio Australia
in English 0900 GMT 17 Mar 96

[FBIS Transcribed Text] Thai Prime Minister Sinlapa-Acha Banhan, has begun a two-day visit to Burma, the first by a Thai prime minister in 15 years. However, as, Evan Williams reports, the visit, aimed at boosting economic ties, is a strong sign of Thailand's willingness to put human rights and democratic reforms to the side:

[Williams] Banhan's visit is a major turning point for Thailand's ties with Burma and the main focus will be to repair relations long soured by Burma's

claims of Thailand's tacit support for Burma's border insurgencies and drug lords like Khun Sa. Despite Thailand's role in bringing Burma closer to the ASEAN group, the open friction has often kept Thai business in the wings and allowed rivals like Singapore a strong economic foothold. Now Banhan wants to redress that by focusing on concrete business initiatives but there is a cost. Banhan is unlikely to heed calls from the Thai activists demanding he raise human rights violations in Burma and China when he visits both. Evan Williams, Bangkok.

Burma: Bilateral Border Trade Agreement Signed With Thailand

BK1803014696 Rangoon Radio Myanmar in Burmese
1330 GMT 17 Mar 96

[FBIS Translated Text] A ceremony to sign a bilateral border trade agreement between the Government of the Union of Myanmar [Burma] and the Government of Thailand was held in Room No. 103-104 of the Pyithu Hluttaw [People's Assembly] Building at 1410 today.

The ceremony was attended by: Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and prime minister; Gen. Maung Aye, vice chairman of the SLORC, deputy commander in chief of the Defense Services, and commander in chief of the Army; Lieutenant Gen. Khin Nyunt, secretary-1 of the SLORC; Lt. Gen. Tin U, secretary-2 of the SLORC; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, members of the SLORC and deputy prime ministers; Lt. Gen. Tun Kyi, minister of trade; U Ohn Gyaw, minister of foreign affairs; U Tin Win, ambassador of the Union of Myanmar to Thailand; Thura U Aung Htet, director general of the Protocol Department of the Foreign Ministry; Thai Prime Minister Banhan Sinlapa-acha; Dr. Amnuai Wirawan, Thai deputy prime minister; M.R. [Mom Ratchawong — royal title] Kasemsamosan Kasemsi, the Thai foreign minister; Monthon Kraiwatnusun, deputy minister of agriculture and cooperatives; Montri Danphaibun, deputy minister of commerce; Gen. Wirot Saengsanit, supreme commander in chief of Thailand; Mr. Ponsak Nin-ubon, Thai ambassador to the Union of Myanmar; and senior officials.

The ceremony ended after Trade Minister Lt. Gen. Tun Kyi and Lt. Gen. M.R. Kasemsamosan Kasemsi [title as heard], the Thai foreign minister, signed and exchanged the bilateral border trade agreement.

Burma: Thai Prime Minister Supports Mandalay Airport Project*BK1803111396 Bangkok THE NATION in English
18 Mar 96 p A2**[Report by Piyanat Siwalo]*

[FBIS Transcribed Text] Rangoon — Prime Minister Banhan Sinlapa-acha yesterday threw his support behind a high-profile Thai construction company's bid to build a new international airport in Burma.

In an apparent about-face Banhan indicated he would support Italian-Thai Development Plc's application for a US\$150 million (Bt [Thai baht] 3.75 billion) loan from the Export-Import (Exim) Bank to finance the development, in Mandalay.

"It's high time Thai businessmen got support from the government when they need it," Banhan said.

The government should help the private sector whenever necessary because competition would become increasingly intense in the future.

His comments contradict his initial reaction to the loan application during a Cabinet meeting last month. According to an informed source, Banhan was concerned about the financial risks.

The prime minister earlier also reprimanded Finance Minister Surakiat Sathianthai, who approved the loan in principle and then presented it to the Cabinet without first consulting him.

Banhan said yesterday he was satisfied Burma would be able to pay for the airport. There was growing investment in Mandalay, he said.

"Do not think that if we help (the private sector) we will get something in return. I think the project will bring in revenue to our country," he said.

Banhan said he would inspect the airport site today and would raise the issue for consideration at tomorrow's regular Cabinet meeting.

Exim Bank president Pridiyathon Thewakun said it was not against regulations for the bank to extend such a large loan for a huge development project outside Thailand.

As far as the Export-Import Act was concerned, the airport construction could be interpreted as exporting a "construction service in order to bring income to the country", Pridiyathon said.

An informed source said Cabinet members earlier argued that making loans for foreign projects was not the objective of the Exim Bank, whose main aim was to

provide low-interest loans to the country's agricultural sector and small industries.

Observers said they expected Banhan would lobby hard to win the Cabinet's approval for the project.

Pridiyathon said the Exim Bank had extended loans to foreign projects before.

"For instance, we made a loan of more than US\$10 million to Italian-Thai for a dam in Laos. However, this (airport) project is huge, so we have to inform the governments he said.

Italian-Thai president Chaikut Kanasut said that he hoped the Cabinet would approve the project soon.

After it gets approval I will discuss details with Burmese authorities. Then I will sign a contract," he said.

Chaikut said that there were an increasing number of investors in Burma, especially in Rangoon.

Apart from the new airport, the Burmese government had approved a Bt300 million five-star hotel in Pagan, which would also be built by Italian-Thai.

"If (I wasn't confident about) the situation in Burma, I wouldn't have made an investment of more than Bt300 million there," he said.

Burma: Thai Request for Lifting of Fishing Ban Rejected*BK1803085396 Bangkok THE NATION in English
18 Mar 96 pp A1, A2**[Report by Piyanat Siwalo]*

[FBIS Transcribed Text] Rangoon — Burma yesterday rejected a Thai request to resume fishing ventures in its waters, but gave visiting Prime Minister Banhan Sinlapa-acha a red-carpet welcome which signalled bilateral relations are improving.

All of Burma's top generals were present to welcome Banhan and his 55-member delegation, which includes Deputy Prime Minister Amnuai Wirawan, Foreign Minister Kasemsamson Kasemsi, Deputy Prime Minister Sombun Rahng, Deputy Agriculture Minister Monthon Kraiwatnusun, Supreme Commander Gen Wirot Saengsanit and Deputy Army Commander-in-Chief Gen Chettha Thanacharo.

Banhan was given the red carpet treatment and a 19-gun salute on his arrival.

The chairman of Burma's ruling State Law and Order Restoration Council (Slorc), General Than Shwe, who is also prime minister, greeted Banhan as he stepped off

his plane and the two leaders then inspected a guard of honour.

Students and workers waving small Thai flags lined stretches of the route from the airport into the city, greeting the first Thai prime minister to visit Burma since 1980.

Despite the cordial atmosphere, Thailand was told at a meeting later yesterday that Burma no longer had a policy of granting fishing concessions to foreigners.

"The Burmese side said they had no policy of allowing us to (resume) fishing," said Deputy Agriculture Minister Monthon after a meeting with senior livestock and fishery officials of the Slorc. "This policy also applies to other countries."

"Burma, whose 1,200-trawler fishing fleet will increase to 2,000 trawlers next year, wants to operate the fishing industry by itself."

But Monthon said the Burmese were receptive to a Thai proposal to operate fishery-related businesses such as cold storage, dried fish, and shrimp farms in Burma.

The "on-land" businesses would be open to the four Thai fishing companies which lost the rights to operate in Burmese waters amid several bilateral incidents, including the murder of a Burmese crew on a Thai fishing boat.

"This (the Burmese rejection) is absolutely going to affect Thai fishermen," Monthon said.

He added, however, that there were some hopes the "higher level" of the Burmese government might change the policy later.

The Thai delegation yesterday thanked Burma for having opened two key border checkpoints over the weekend and for planning to open a third tomorrow.

The checkpoint at Mae Sai reopened at 6 am on Saturday, and the one at Ranong opened half an hour later.

Deputy Commerce Minister Montri Danphaibun, also a member of the Thai delegation, said Slorc had assured the Thais that another checkpoint in Tak's Mae Sot district would be reopened tomorrow.

Lt Gen Khin Nyunt, the influential secretary-general of Burma's military government, and his wife paid a call on Banhan and his spouse shortly after their arrival at the State Guest House.

Banhan said after the meeting the two agreed not to let "local problems" affect bilateral ties.

"We agreed that for countries that share a 2,000 kilometre border, disputes are unavoidable. We agreed

to keep contacts at both local and government levels to create better understanding," the prime minister said.

Today the prime minister and his group were to travel to Mandalay, Burma's second biggest city, before departing from Rangoon tonight.

Early last year Rangoon accused Bangkok of assisting ethnic minority guerrillas in their armed conflict against the Burmese military government. Bangkok has accused Rangoon of supporting and directing rebels blamed for a series of cross-border raids into Thailand.

Burma, which used to import most of its consumer goods from Thailand, sealed several border crossings with Thailand in March last year. By August all crossings had been shut.

Local Burmese authorities also tried to stamp out any unofficial trade across the frontier, encouraging boycotts of Thai goods and ordering people to buy Chinese goods instead.

Timber concessions were revoked for all but two Thai companies and all Thai fishing concessions in Burmese waters were cancelled.

"Burma has recently adopted a cavalier and haughty stance with Thailand," one diplomatic source said of relations between the two countries. "In effect they have been saying, 'we don't need you, we'll trade with China'."

While relations at the bilateral level have been fraught with problems, Thailand has pursued a policy of constructive engagement with Burma at the international level and has been instrumental in drawing it back into the regional arena.

In December, Than Shwe travelled to Bangkok to attend a summit of leaders from 10 Southeast Asian nations, at which Banhan called for Burma's inclusion in the Association of Southeast Asian Nations by the year 2000.

Thailand was the fourth-biggest foreign investor in Burma as of late last year, behind France, the United Kingdom, and Singapore with interests worth US\$421 million (Bt10.5 billion) in 29 projects.

A Bangkok-based human rights group, Forum-Asia, on Friday urged Banhan to speak out on "the serious human rights violations in Burma and China" during his visits later this month.

"In Burma, the welcome release of (opposition leader) Aung San Suu Kyi has not been accompanied by any meaningful change in the human rights situation," the group said in an open letter.

Banhan has "both a right and a responsibility to raise these issues and express the concerns of the Thai people", it said, even though "certain interests of the Thai business community and elite may not coincide with the promotion of human rights".

Last Tuesday, Banhan defended his trip, saying it was intended to promote cooperation with a future member of ASEAN, which currently groups Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

"Ideology and the economy will have to go hand in hand," he said, implying that cooperation leading to economic development in Burma would eventually bring political change.

Burma: SLORC's Than Shwe, Thai Prime Minister Banhan Hold Talks

BK1703155096 Rangoon Radio Myanmar in Burmese 1330 GMT 17 Mar 96

[FBIS Translated Text] Thai Prime Minister Banhan Sinlapa-acha called on Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and prime minister of the Union of Myanmar [Burma], at the Pyithu Hluttaw [People's Assembly] Building's Protocol Hall at 1300 today.

At the meeting, both state leaders cordially exchanged views on strengthening bilateral ties and regional cooperation. Both state leaders also cordially held discussions on the improvement of communication and trade promotion links between the two countries, the development of border trade, and problems that can occur along the border, and mutually reported on progress in these areas.

Khin Nyunt Calls on Thai Prime Minister Banhan in Rangoon

BK1703161096 Rangoon Radio Myanmar in Burmese 1330 GMT 17 Mar 96

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC], called on Thai Prime Minister Banhan Sinlapa-acha at the Seinlet Kantha State Guest House at 1030 today.

The meeting was also attended by: U Ohn Gyaw, minister of foreign affairs; U Tin Win, ambassador of the Union of Myanmar [Burma] to Thailand; and Thura U Aung Htet, director general of the Protocol Department of the Foreign Ministry.

After the meeting, the visiting prime minister presented a donation of \$20,000 for the restoration of pagodas in Pagan and 2.3 million Thai baht for the renovation of

the Shwedagon Pagoda to SLORC Secretary-1 Lt. Gen. Khin Nyunt.

Burma: Rangoon Orders Karen Allies To Withdraw From Border

BK1803051896 Bangkok BANGKOK POST in English 18 Mar 96 p 3

[Report by Suthep Chawiwat]

[FBIS Transcribed Text] Rangoon has ordered 300 renegade Karen to withdraw from the border to their Kawtor base, 150km east of the capital, a source said yesterday.

The order was given to U Thuzana, the monk who leads the Democratic Karen Buddhist Army [DKBA], at Myaing Yi Ngu monastery, opposite Mae Sariang, Mae Hong Son.

A reason for the move was not immediately clear but renegade incursions, in which they killed, kidnapped, or robbed refugees and Thais had increased tension between Thailand and the State Law and Order Restoration Council [Slorc].

A Karen monk from Mae Sot who met U Thuzana to end the schism was told the Karen National Union should convert to Buddhism and its leaders should enter the monkhood.

U Thuzana's stance was rejected by Christian Karen leaders.

The DKBA was formed in late 1994 by a small rank and file group from the Karen National Liberation Army [KNLA] who said they had suffered discrimination at the hands of their Christian leaders.

The KNLA, the military wing of the KNU, said the renegades were operating on SLORC's orders, a claim the junta denies.

The renegades have intimidated Karen refugees in Thai camps, burned the camps, abducted Karen leaders, and killed 36 Karen leaders.

They also entered deep into Thailand and killed some police officers and a monk this year.

Reports from inside Burma suggest the renegades have started attacking Christian groups, particularly the Seventh Day Adventist Church.

An adventist school in Ohn Kaw village, in Kamamaung sub-township, lost some of its land to the renegades and a pagoda was built on the site.

The renegades also ordered Christian families to build payar-zin, a Buddhist place of worship, in their houses.

Families that failed to obey were persecuted and told their houses would be destroyed, the source said.

Burma: NUP Said Preparing for Next Election

BK1703104296 Oslo Democratic Voice of Burma in Burmese 1100 GMT 16 Mar 96

[FBIS Translated Text] Aung Hlaing U filed the following report from Dawn Gwin Studio:

It has been learned that the National Unity Party [NUP] organizers in Mingin Township, Sagaing Division are preparing for the next election. They are telling people that the National Convention will end in the near future. They are asking them to vote for the NUP in this election that will be held under a new constitution.

They said: The SLORC [State Law and Order Restoration Council] will hand over power only when the NUP wins the election. Do you know that power was not handed over to the NLD [National League for Democracy] when it won the election the last time? It has been learned that they are using these words to attract the people. They added that the NUP has changed its policy and it is certain to win the votes of students and civil servants, due to the formation of Union Solidarity and Development Association. They are also handing out party pamphlets to the people. Some central committee members of the NUP are visiting townships in Sagaing Division every three months to hold meetings with organizers in the villages.

Burma: Shan Rebel Groups Hold Meeting To Form New Organization

BK1603134796 London BBC in Burmese to Burma 1345 GMT 15 Mar 96

[Report by Larry Jagan — read by announcer]

[FBIS Translated Text] Dear Listeners: The Shan nationalists in Burma are planning to form a new organization to continue their struggle for an autonomous state. Many representatives from various Shan groups spent all of last month making essential preparations to form the new organization. Following the surrender of drug warlord Khun Sa, the former Mong Tai Army [MTA] soldiers who broke away from Khun Sa have been holding talks with seasoned senior Shan opponents. The Shan sources say that all the groups involved in the talks are very enthusiastic about the reunification of Shan resistance groups and about continuing the fight with the Burmese military.

Larry Jagan, who recently returned from the Thai-Burmese border, has reported the following:

Many areas in the Shan State are still under the control of rebels, despite the fact that Khun Sa and

his soldiers have surrendered their weapons to the Burmese Government. Thousands of MTA guerrillas who refused to obey Khun Sa's order to surrender their weapons are hiding in many parts of western Shan State. Moreover, another group has taken a strategic position along the Mekong River near the Laotian border. It has been learned from seasoned Shan nationalist rebels in Thailand that the representatives of all these Shan groups met in Burma recently and agreed to hold a preliminary meeting on forming a new rebel group in the next few weeks.

At the meeting, efforts were made to revive the Shan State Progressive Party [SSPP], the former nationalist group, as a political wing of the Shan national movement, but the Shans agreed to support the SNLD, the Shan National League for Democracy [shan amyotha democracy aphwe-gyoke] as a political wing that will represent the Shan nationals' aspirations. It was also decided at the meeting to call on the international community to restore democracy and human rights and to assist in the narcotic drug suppression activity in the region.

The Shans also agreed at the meeting to work for the unity of all races in Shan State and to make contact with the Peace and Democratic Front that comprises Wa and Palaung nationals. It was also decided to abolish the SSA, or Shan State Army, and to join with the SSNA, or Shan State National Army. The SSNA has now over 10,000 guerrillas. It has been learned from Shan sources that Major (Jai) Kham, Khun Sa's son—who is commanding over 1,000 guerrillas stationed near Laos—has agreed to join the new group. It has also been learned that members of the SSPP are planning to file charges against Khun Sa in the courts in Burma for massacring over 200 innocent Shan villagers in Mong Hsat in 1992 and for committing other crimes against Shan nationals.

Burma: KNU Leader Bo Mya Interviewed on KNU-SLORC Talks

BK1603162696 London BBC in Burmese to Burma 1345 GMT 15 Mar 96

[Interview with Bo Mya, leader of the Karen National Union, by Larry Jagan at the Thai-Burmese border; date not given — recorded]

[FBIS Translated Text] [Announcer] Dear Listeners: The KNU [Karen National Union] is the only remaining ethnic rebel group that has not signed a cease-fire agreement with the Burmese Government. Last month, the KNU sent a high-level delegation to Rangoon to hold talks with the Burmese Government authorities. Most analysts believe the KNU has no other choice

but to begin cease-fire talks after suffering two major defeats last year.

The KNU lost its second stronghold in Kawmura after the Burmese Defense Services captured its Manerplaw stronghold last year. The KNU is still threatening to wage guerrilla warfare if the talks in Rangoon are not successful. At the same time, the DKBO [Democratic Karen Buddhist Organization], which broke away from the KNU and joined the Burmese Defense Services, is attacking Karen soldiers and frequently raiding the refugee camps on the Thai border, killing and kidnapping Karen refugees. KNU leader General Mya gave journalists very few opportunities for interviews last year, but Larry Jagan met him early this week at the Thai-Burmese border and asked:

[Begin recording] [Jagan, in English fading into Burmese translation] What do you think is the most important thing the KNU has done in the 12 months since the fall of Manerplaw and Kawmura?

[Mya] The best thing we have done since the fall of Manerplaw and Kawmura is to hold talks with the SLORC [State Law and Order Restoration Council] on internal peace. We planned to represent the DAB [Democratic Alliance of Burma] and meet with SLORC, but the enemy did not accept that. The enemy also did not agree to meet the [word indistinct]. The SLORC said it only wants to meet with individual groups separately. We have met the SLORC twice this spring, but we are not allowed to discuss political matters at the talks. The SLORC does not talk about political matters either. We told the SLORC that this is a political matter, and political discussions are needed to resolve them. The SLORC does not accept this. We also do not accept its style, but we will continue to hold talks. If they want to cancel the talks, then let them do it. We have tried our best at the talks to achieve internal peace.

[Jagan] Obviously, times are now going to be even more difficult. What is the most important thing the KNU plans to do in the coming 12 months?

[Mya] I know the situation is difficult, but we will continue to strive for our national revolution. We desire to achieve unity with the SLORC. We think, however, that the SLORC does not seem to desire internal peace, because they relocated Karen villages, took away and confiscated all the properties of the Karen people, and burned down villages while the talks were in progress. Although we are holding peace talks with the SLORC, we think the SLORC is not working for genuine peace. What we want is to work for genuine peace. We want peace to prevail in Burma, but the SLORC does not want this. In reality, in order to achieve internal peace, the talks must be held with sincerity and

goodwill, otherwise internal peace cannot be achieved. Internal peace cannot be achieved if the ethnic groups continue to be suppressed in this way. We think the SLORC needs to hold political discussions to resolve the political issues and create political compromise.

[Jagan] The KNU has sent delegations to hold peace talks with the SLORC. What is the status of the peace talks?

[Mya] Our representatives want genuine peace. So our people went and talked with the SLORC, but the SLORC said it does not want to hold political discussions and stressed the cease-fire. The SLORC said the KNU can engage in business if it agrees to a cease-fire. They did not accept our proposals. Internal peace can be established if they hold fair and just discussions. It can be done. The AFPFL [Anti Fascists People's Freedom League], the BSPP [Burma Socialist Programme Party], and the SLORC did not try hard to achieve peace. Whatever they have done was for their own benefit, to dominate others, and to eliminate the revolutionary groups. Internal peace will never be achieved as long as these acts continue.

[Jagan] The SLORC says that it wants a cease-fire agreement with the KNU, but it is not going to engage in political discussions. Does the KNU accept this idea?

[Mya] Our KNU cannot accept this because the SLORC said it will not hold political discussions. Concerning the cease-fire agreement, the SLORC asked us where we want to station our units. The peace the SLORC wants to achieve is actually to place our units under house arrest. In some places, we are allowed to move within a five-mile area, while in others we are only allowed to move around within a three-mile area. That is why a cease-fire is like house arrest. We cannot accept this approach. We asked that the political problems be resolved through political means. We asked the SLORC to resolve the political problems so that peace can prevail over all of Burma and for the joint development and progress of Burma. The SLORC should not hold these kind of talks. This is all I have to say. [end recording]

Burma: KNU Delegation Leader: Both Sides Must Compromise

BK1703142696 Bangkok THE SUNDAY POST
in English 17 Mar 96 p 18

["Opening speech" by KNU delegation leader Padoe Mahn Sha during the "recent" peace negotiations with the SLORC in Rangoon; date of the talks not given]

[FBIS Transcribed Excerpt] The ongoing battle between the Slorc [State Law and Order Restoration Council] and the KNU [Karen National Union] has been one of the

most serious, devastating and longest, compared to any other groups in the history of Burma. That we have now come to the negotiating table is the result of the efforts exerted by both sides, and also with the help of other mediators. This is the first step.

If we are to have genuine and lasting peace, we need to strive harder in the future. If we are to remain where we are now, if the stalemate continues, it would be impossible to achieve lasting peace. Both sides must learn how to compromise.

Also the ongoing fighting between the KNU and the SLORC is greatly affecting peace and prosperity of Burma. So if both sides should come to terms and help achieve genuine peace, then the outcome of it would tremendously boost the unity, development and prosperity of this country.

This is why we need to make every effort to achieve this goal. We should consider it our duty to do so.

If we are to achieve genuine peace SLORC and the KNU should work at it with great enthusiasm and optimism. We should also be broad-minded in our negotiations. This means our stance and beliefs should be objective and not subjective. If we are to be too subjective we would distance ourselves from reality. [passage omitted]

Brunei, Malaysia & Singapore

Malaysia

Malaysia: ROK Urged To Invest In Small, Medium Industries

BK1603142096 Kuala Lumpur Voice of Malaysia
in English 0810 GMT 16 Mar 96

[Station commentary]

[FBIS Transcribed Text] For sometime now, South Korean investors have been urged by Malaysian leaders not to concentrate on just getting the big contracts. It is important they also vie for small jobs as well as for the small-and medium-scale industries [SMIs] to be involved in Malaysia's industrial growth.

No doubt, Korean investments have lent a helping hand in transferring new technologies especially in areas such as construction to Malaysia. What is apparent, however, is the presence of the big Korean firms only in the big projects tendered out by Malaysia. They include the multimillion ringgit Penang bridge and infrastructural projects including the new Kuala Lumpur International Airport at Sepang.

Another problem is despite the presence of large Korean multinational electronic companies in Malaysia, their linkages with Malaysian SMIs could be better. For

instance, many Japanese companies still prefer to source their needs for [?]intermediate goods and components through their home-based SMIs. But, Malaysian SMIs are just as capable of supplying those multinationals. It is not that the Malaysian Government is trying to be choosy now that the country has reached a certain level of industrial development.

For any successful industrial development, as evident in South Korea, Japan, and Taiwan, it has to be heavily supported by way of developing its SMIs. In Malaysia, efforts are under way to realize this, but such chance will be more easily achievable through the assistance of foreign investors, especially the SMIs.

In this way, South Korea can do much to help Malaysia. As Deputy Prime Minister Datuk Sri Anwar Ibrahim has pointed out in his visit to South Korea that the SMIs can set a base in Malaysia even better, if they do it on a joint venture basis with Malaysian firms in areas as electronics. Despite the electronic products sector being the largest export sector, its import content is also large. Almost 60 percent of the components of the country's exported products are imported. These intermediate goods made up 80 percent of Malaysia's imports which total 167 billion ringgit. Joint venture SMIs will go a long way in reducing Malaysia's current account deficit. The deficit cannot continue for too long if Malaysia wants to increase the resilience of its industrial sector. In fact, the current situation is quite worrying for there are virtually no vendors supplying the components in Malaysia. There is much Malaysia can gain by emulating the success of South Korea's prolific SMIs.

So it will be timely if South Korea SMIs begin to look to invest in Malaysia in a bigger way. Developing the SMIs to be the backbone for the industrial sector will be [words indistinct] for the industrial strategy under the Seventh Malaysia Plan and the new industrial master plan. Just like the experience of elite multinationals, Korean SMIs have nothing to lose but a lot to gain by investing in Malaysia.

Malaysia's Mahathir: Australia Visit 'Should Not Be Misconstrued'

BK1703105996 Kuala Lumpur SUNDAY STAR
in English 17 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Bintulu — Datuk Sri Dr. Mahathir Mohamed said his forthcoming meeting with Australian Prime Minister John Howard should not be misconstrued as supporting the latter's leadership.

"I am not endorsing him or condemning his opponent. I don't want to be involved in Australian politics," he said.

The Prime Minister said it would be discourteous on his part if he refused to meet Howard as the latter had requested to see him after his (Dr. Mahathir) visit to New Zealand later this month.

Asked for comments on indications that Howard might adopt a softer policy on the East Asia Economic Caucus, he said he might discuss the issue with him.

On the coming Sarawak state elections, Dr. Mahathir said the people should return the Barisan Nasional [National Front] government by 100 per cent if they appreciated the present state stability and the many government projects carried out for them.

"I can't imagine the people (Sarawakians) throwing away the good fortune (they are enjoying)," he told reporters before returning to Kuala Lumpur after a two-day visit to Sarawak.

Malaysia: Mahathir Defends Industrialization Program

BK1703130596 Kuala Lumpur SUNDAY STAR in English 17 Mar 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Bintulu — Prime Minister Datuk Sri Dr. Mahathir Mohamed yesterday refuted claims by critics that Malaysia was not interested in industrialisation but in building monuments, like the Kuala Lumpur City Centre (KLCC) and Putrajaya.

"The buildings are not just monuments to us," he said, adding that people should not feel insulted or annoyed that Malaysia chose to have such buildings.

He was speaking at the joint launching ceremony of three mega projects at the Civic Centre yesterday.

The projects were the RM [Malaysian ringgit] 20 billion Bintulu Baru Industrial Park, RM2.54 billion Borneo Pulp and Paper Mill, and RM3 billion Sarawak Pulp and Paper Mill.

Dr. Mahathir said the country's industrialisation programme was now more focused, adding that they had to put in greater efforts to develop less industrialised states.

He urged industrialists to move to other parts of the country and not concentrate solely on the west coast of the peninsula, which had many electronic and light industries but not enough land and labour.

He said much progress had been made in siting heavy industries like steel, chemical and petro-chemical factories in the east coast of the peninsula.

"In order to facilitate the industrialization of the east coast, we will have to build roads, highways and ports."

Dr. Mahathir said Sabah and Sarawak, which were rich in land, timber and mineral resources, had found their niches in the development of heavy industries, timber-based and pulp paper industry.

He said the two paper and pulp mills planned for Bintulu were of world-class standard and would help earn foreign exchange through the exports of their products.

He said companies interested to take part in the development of the two paper mills, Bintulu Baru Industrial Park and RM15 billion Bakun dam project must maximise local content use.

"We want to minimise import and maximise the use of local products and materials, equipment and expertise."

The Prime Minister said local contractors and sub-contractors should be engaged for these mega projects.

Malaysia's Mahathir: Dam Project To Bring Progress to Locals

BK1703095996 Kuala Lumpur SUNDAY STAR in English 17 Mar 96

[Report by Stephen Then — received via Internet]

[FBIS Transcribed Text] Bakun — The Government is not that foolish as to spend RM [Malaysian ringgit] 15 billion on the Bakun dam project if it will bring harm and adversity to the environment and the people, Datuk Sri Dr. Mahathir Mohamed said yesterday.

"The Government will not spend RM15 billion to betray the people. If we want to neglect them, there are easier ways to do so.

"Through the Bakun dam, we are not destroying but creating opportunities for progress and improvement for the people to allow them to enter the mainstream of development," he said when addressing some 2,500 Orang Ulu tribesmen in Belaga district at the dam catchment site.

The Prime Minister's visit was in conjunction with the symbolic blasting ceremony to mark the start of the construction for the dam's diversion tunnel.

He said he felt sad there were now locals who supported the so-called foreign environmentalists who claimed that they loved the Penans [tribesmen].

"Don't tell me you (foreign critics of the dam project) love the Penans. You don't even know them. You live in concrete houses in Switzerland and you come for a few days and start criticising.

"And later you go home to your comforts while the locals suffer. Please mind your own business," he said.

Dr. Mahathir said the sheer size of the project and the huge amount of money and effort put in by the Government made it obligatory on its part to bring about positive development. Besides helping to provide enough electricity for the nation, he said the project would ensure that the Orang Ulu communities could benefit from the changes that would be brought about.

"If life in the jungle is so good and peaceful as pictured by the foreign environmentalists, then why are their own countries actively pursuing development?"

"Some say it is peaceful and nice to go on living through fishing and hunting, but these locals are living in poverty with low-life expectancy, no proper medical facilities and little education," he stressed.

The Prime Minister reminded foreign critics that the method being used to construct the Bakun dam originated from Westerners who were, ironically, now strong opponents of the project in Sarawak.

These critics, he said, were more interested in seeing Malaysia remain backward.

On the compensation to be awarded to the 9,500 affected residents, Sarawak Chief Minister Tan Sri Abdul Taib Mahmud said the state government could not settle amounts demanded by the people without studying their claims.

Singapore

Singapore Editorial on Need for Asian Information Network

BK1803111596 Singapore BUSINESS TIMES
in English 18 Mar 96

[Editorial: "Projecting ASEAN to the world" — received via Internet]

[FBIS Transcribed Text] For far too long have ASEAN and, indeed, Asian, countries been dependent on the Western media to project them not only to the rest of the world, but even to each other. The point has been made many times before. Now, at last, there is a chance of correcting the imbalance.

This was the purpose of Prime Minister Goh Chok Tong's reiteration at last week's conference of ASEAN information ministers of a challenge that Afro-Asians have debated since the 1970s. But whereas the non-

aligned movement's solution smacked of a thinly-disguised government-to-government network, provoking fears of official propaganda being passed off as news, there is every reason why ASEAN's reply should be credible as well as competitive.

The ministerial meeting underlined three basic needs — to end a Western monopoly that gives rise to fears of "media imperialism", to project a fair picture of every aspect of life in ASEAN countries, and to harness developments in information technology to add to knowledge and generate wealth without succumbing to the vice and violence that are also features of the global flow.

The non-aligned movement, a prisoner of the age in which it was born, thought mainly in terms of a news pool. The printed word has not lost its importance, and there is no reason why ASEAN should not challenge the traditional dominance of such well-entrenched Western institutions as Associated Press or Reuters. A common news agency that is reliable, and also attractively packaged, would have a far reach, especially if it concentrates on coverage of matters like business and sports. Publications all over Asia, Africa, and Latin America would surely welcome an alternative to Western news sources that habitually present Afro-Asian life, culture and concerns in an unfavourable light.

But ASEAN now has the resources, technological skill and confidence to go far beyond: properly handled, Mr Goh's suggestion of a satellite television channel would give BBC or CNN a run for their money. Indonesia's second satellite, Palapa C-1, Malaysia's Measat which can handle up to 20 channels on its broadcast network, Thaicom which beams to Laos and Cambodia as well, and Brunei's transponder, are all assets to be made full use of. The technical experts committee due to meet in Kuala Lumpur should pave the way for the development of appropriate software.

Yet, it would be wise to learn from past mistakes and anticipate future ones. Mr Goh may have had the non-aligned movement's experience in mind when he warned of the need to set aside nationalist instincts.

The emphasis on private and semi-private enterprise should help to ensure that professionalism is not sacrificed at the altar of narrow nationalism and that, being tested on the whetstone of market appeal, the product is at all times viable.

Nor can the hazards that are also inherent in the free flow of information be ignored. Happily, though, all seven governments are agreed on the need to strike the right balance between free access to information and the need to maintain the values that uphold Asian society.

The objective of this multi-media innovation would be to correct the injustice of history. It matters not whether present distortions are due to design or the interlocutor's own conditioning. What does matter is that many misconceptions regarding Asian conditions are rooted in Western media depictions, and that Asian causes have suffered as a result. It is additionally tragic when one Asian community gets its news of another through the refractory prism of agencies in London or New York. Once the project gets going, the first task would be to ensure that it has extensive exposure in the rest of Asia.

Singapore: Lee Kuan Yew's Operation 'Carried Out Successfully'

BK1503133896 Singapore Radio Corporation of Singapore in English 1300 GMT 15 Mar 96

[FBIS Transcribed Text] An operation on Senior Minister Lee Kuan Yew to implant an intra coronary stent was carried out successfully today with no complication. A statement from the Prime Minister's Office said the senior minister will be in the SGH [Singapore General Hospital] intensive care unit for 24 to 48 hours. Mr. Lee was admitted to hospital at 1130 this morning.

The statement said an angiographic examination of the coronary arteries revealed that the previously dilated left circumflex artery had renarrowed. The artery was redilated and the stent implanted. The statement said the procedure was carried out by Dr. Richard Schatz, who was assisted by Dr. Arthur Tan, Dr. Koh Tian Hai, and Dr. Charles Chan.

When contacted by TCS [Television Corporation of Singapore], Mr. Lee's press secretary said she had received a call from the senior minister in the intensive care unit at about 6 pm. She said Mr. Lee sounded alert and like his usual self.

Singapore: Lee Kuan Yew 'Doing Great' Following Surgery

BK1703131096 Singapore THE SUNDAY TIMES in English 17 Mar 96

[Report by Chung Tsung Mien — received via Internet]

[FBIS Transcribed Excerpt] March 17, 1996 — Senior Minister Lee Kuan Yew is "doing great" after a second balloon angioplasty operation. Dr. Richard Schatz, the American cardiologist who performed the procedure, said yesterday.

"Even from the beginning his prognosis was excellent. He is an extremely vital individual with everything in his favour for a long and healthy prognosis," he said.

The Senior Minister came out of the Intensive Care Unit yesterday afternoon and it is understood that Prime Minister Goh Chok Tong had visited him.

Dr. Schatz said Mr. Lee would recover very quickly and, by yesterday or today, would be up walking around. "Of course we are not going to let him, but if he so chooses, he could certainly do some real vigorous exercise," the doctor said. He said Mr. Lee would resume complete physical activities within the next two to four weeks.

Chances of him needing another angioplasty was about 10 per cent, and that could happen between the third and sixth month. But Mr. Lee would be familiar with the symptoms and "it will be a fairly benign process if it occurs". [passage omitted covered by referent item]

A government statement said the operation was carried out successfully with no complications.

Giving an insight into Mr. Lee's medical condition in an interview at the Raffles Hotel, Dr. Schatz said his heart problems were restricted to one vessel, which was not a major one. "But it is enough to make him symptomatic and it is a nuisance. So we think of this more in terms of not a life-threatening problem, but more of a lifestyle problem."

He explained that the implanted stent was a metal scaffold which was "nothing more than a prop to try and keep the vessel from collapsing".

"By opening it, we hope that this will be a final solution to this part of the vessel and that he will remain symptom-free and able to do everything he wants to do."

Over the next few months, Mr. Lee would not have to take any serious precautions, other than to be prudent about his activities and diet.

Noting that he had fortunately been doing this for the last 20 years, the doctor said: "He no longer smokes, he meditates, which is excellent for blood pressure control and for relief of stress, and his blood pressure ... is in excellent control and he exercises. So he really does everything correctly, eats well, so he really doesn't have too many changes to do, other than what we would call prudence."

As to whether Mr. Lee should have opted for a stent implantation during his first angioplasty in January, he said it had been a legitimate decision not to have done so. "I think that one could argue for either balloon the first time or stent the first time and probably be on solid ground for either one," he said.

He left Singapore yesterday afternoon for home.

Cambodia

Cambodia: Efforts Urged To Deal With Illegal Foreigners

BK1803120996 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 16 Mar 96

[Political commentary: "Continue To Tighten Implementation of the Immigration Law"]

[FBIS Translated Text] According to a Royal Government of Cambodia Interior Ministry assessment, an illegal flow of foreigners has created complex and negative incidents, particularly drug trafficking, prostitution, gambling, murder, and so on. For this reason, the Interior Ministry has prepared a subdecree on the implementation of a law concerning immigrants and many other standard procedures to go through the Council of Ministers. The ministry has already drafted a law on nationality, now going through the Council of Ministers, for submission to the National Assembly.

Although implementation of the immigration law has not been smooth in certain areas, the Interior Ministry has carried out some of its work. First, the ministry settled the issue of 352 families, involving 2,542 ethnic Vietnamese at Chrey Thom, by sending them back to their original place. The Interior Ministry, in cooperation with the Ministry of Foreign Affairs and International Cooperation, issued a common communique dealing with the issuing of visas to foreigners.

To prevent the illegal flow of foreigners to Cambodia the Interior Ministry issued the 017 plan and set up commanding chains at ministerial and provincial levels to provide directives on implementing this plan.

In 1995, border provinces have stopped and sent back 451 foreigners who illegally entered Cambodia, including 416 Vietnamese, 15 Chinese, and 20 Thais. At border checkpoints relevant authorities uncovered and prevented foreigners from using invalid passports or those with no passports, and dealt with 211 cases — involving 479 persons and 25 nationalities — of foreigners using Cambodian passports, fake passports, and passports belonging to countries different from the holders' nationality, and so on. Apart from this, authorities compiled statistics on foreigners in general who are currently residing in the Kingdom of Cambodia.

The above data will certainly provide an important contribution to efforts to prevent the illegal flow of foreigners. Therefore, to continue efforts to prevent the illegal flow of foreigners in 1996, and in the future, the Interior Ministry should continue to implement the immigration law along with increased control to prevent illegal activities, particularly drug trafficking, gambling,

prostitution, murder, and the transit of persons to third countries. These efforts should be further improved.

Cambodia: KNP 'Extraordinary Congress' Ousts Sam Rangsi

BK1603134696 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 16 Mar 96 pp 1, 10

[Report by Phlisna]

[FBIS Translated Excerpt] An extraordinary congress of the Khmer Nation Party [KNP] was held on the morning of 14 March under the chairmanship of party Vice Chairman Nguon Soeu and a number of his supporters and was attended by about 700 members, the majority of whom were female. The congress removed Sam Rangsi as party chairman and appointed Nguon Soeu to replace him. No announcement was made, however, on the exact number of Central Committee members, National Council members, and ordinary members attending the congress. Moreover, no foreign guests or representatives from other Cambodian political parties were present at the congress.

The extraordinary congress proceeded according to the agenda. The congress decided to change the KNP founding date from 9 November 1995 to 14 March 1996 and to change the party logo from the image of King Cha Cheyyavaraman VII to a round symbol with pictures of a cluster of rice leaning against both sides, a map of Cambodia and a Khmer character "Kha" in the middle, a religious flag below the map, and a gearwheel representing industry below the religious flag.

The congress also organized a new Central Committee, with 11 members, namely Nguon Soeu, Khim Sakun, Sok Kusal, Saom Sumuni, Pok Met, Ka Savut, Yok Sieng, Nop An, Khim Davut, Sok Chanchhoeun, and It Sam-ol. The executive board is comprised of Nguon Soeu as the chairman, Khim Sakun as vice chairman, Sok Kusal as secretary general, and Pok Met as the treasurer. The congress also announced the new National Council comprised of 300 members. [passage omitted]

This congress stressed that the name of the KNP must not be used by Sam Rangsi's group and that only Nguon Soeu's group can use this name.

Sam Rangsi's group, however, has planned to hold a congress of its party National Council on the morning of 15 March. The agenda of this congress also includes the composition of the party leadership. Sam Rangsi recently expelled Nguon Soeu, the second vice chairman, and Mung Mong, the third vice chairman, and a number of the Central Committee members from the KNP. Nguon Soeu's group termed this expulsion as unjust and unreasonable. [passage omitted]

Nguon Soeu seemed to be very optimistic that the adjustments made by the extraordinary congress in line with the Interior Ministry's requirements and the king's advice would lead to government recognition of the KNP.

In the first reaction to this matter, co-Minister of Interior Yu Hekkri told REAKSMEI KAMPUCHEA by telephone that the KNP is an illegal party, and it will remain illegal no matter what changes it has made!

On his part, Sam Rangsi has tried not to show any reaction to the Nguon Soeu faction party congress. His personal secretary told REAKSMEI KAMPUCHEA at noon on 14 March that Sam Rangsi said he still remains the KNP chairman, and he would not say anything because this matter must be discussed at the Central Committee congress to be held on the morning of 15 March. [passage omitted]

Cambodia: Hun Sen Urges Unity Among Political Parties

BK1703065796 Phnom Penh National Radio of Cambodia Network in Cambodian
1300 GMT 16 Mar 96

[Speech by Cambodian First Prime Minister Hun Sen at the Hun Sen Junior High School in Prey Chhor District of Kompong Cham Province on 16 March — recorded]

[FBIS Translated Excerpt] [passage omitted on Hun Sen discussing construction of the building] I would like to appeal for all to unite in order to carry on the (?development). We are now continuing to cooperate in order to fulfill a historic mission for our nation. I think that there are now many parties. One party has been divided into two, and the two parties might become three. There are many parties. They will continue to increase. No matter how many parties there may be, however, I would like to appeal to the political parties not to make any political decision that might again lead to confrontation and to the killing of one another. This is my fervent appeal.

Fishermen on the rivers, streams, and seas are very afraid of a change of weather from an ordinary wind to a storm, or from rain to [words indistinct]. Farmers drying their paddies are usually afraid of the change from sunshine to sundown and sunshine to rainfall. Pedestrians are afraid of being pricked by thorns. The people in general, however, are very worried about the political decisions by the political parties. Therefore, I believe that, whether there are 10, 20, 30, or 50 political parties, the party leaders should have the responsibility of not doing anything that will lead to conflict—whether it is a political or an armed conflict. Please avoid it.

This is because [words indistinct] know how to have consideration for others. Therefore, I understand that my plea should be adequate enough for the various political parties to resolve to move toward achieving reconciliation and toward avoiding any pessimistic or irresponsible (?act) that will lead to confrontation [words indistinct] before national history.

I have no intention of creating enmity with anyone; nor will I try to cause a dispute with anyone. I am, however, also ready should there be any confrontation. I have tried, however, to avoid [words indistinct] in order to avoid confrontation. If it is unavoidable, naturally a reasonable response might be given. This is not a threat to anyone.

Please, everyone should be responsible for our national destiny. We should do everything appropriately, with the oath we made before (?the king) concerning national unity, national independence, national sovereignty, and national reconciliation. I do not want to hear about any antagonism, like that party that broke up the day before yesterday. They exposed one another as renegades in the party. I do not want to, and I have tried not to comment about the two (?factions). Whoever wants to become party chairman or vice chairman or a party member should go ahead and do it because it is their political right, but please do not cause conflict that will lead toward chaos.

I think it is reasonable for me to say this to my compatriots. Whichever parties should unite, try to unite gradually each day. One drop of water a day will soon fill up a cup. I understand and believe in the good spirit and (?mercy) of all party leaders toward the Cambodian people, who suffered a long time due to a prolonged dispute. It has now ended. This matter should also be brought to an end in order to work together. It will be good for each of them to do various kinds of work for the people. I have discussed and will continue to discuss this: Please work toward reconciliation. I myself and the Cambodian People's Party have tried to avoid the various political disputes; however, if we are [words indistinct] reaction. I would like to confirm this.

I believe that venerable monks will be giving good sermons calling for reconciliation. This is because we have no better alternative than this path. Therefore, I would like to take this opportunity to urge all fraternal Muslims, Khmers, Chinese, and all other ethnic groups in Cambodia to work gradually each day to achieve this path so that all of us will walk together. All, not just any party, should take this path. Do not wait for any party in particular. [passage omitted on Hun Sen listing his contribution to building various temples]

**Cambodia: Ranariddh Attends Lao Party Congress
17 Mar**

BK1803104196 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 17 Mar 96 p 2

[Report by Dararit]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia and chairman of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] will attend the Lao Communist Party Congress on 17 March.

In an interview at the Institute of Pedagogy in Phnom Penh on 15 March the prince krompreah said that the Lao Communist Party asked him as FUNCINPEC chairman, and Samdech Chea Sim, chairman of the Cambodian People's Party, to attend the historic Party Congress of Laos.

He further said that he can attend the Lao People's Revolutionary Party [LPRP] Congress on two days only, that is on 17-18 March, because he is busy organizing the FUNCINPEC congress on 21-22 March. He also said that during the two days at the Lao Party Congress he planned to meet many Lao leaders, including the Lao president, the Lao prime minister, and a number of other officials. He further said that he hoped there would be no major problems between Cambodia and Laos at these meetings, and that the main issue would be to further consolidate agreements between the two countries. Another point we will raise with the Lao side is the office of the Mekong River Commission in Phnom Penh, to which Vietnam and Thailand have already agreed but we have not yet asked for Laos' consent.

Li Thuch, office head of First Prime Minister Prince Krompreah Norodom Ranariddh and under state secretary for environment, disclosed that the FUNCINPEC delegation to attend the LPRP congress is comprised of four members, and is headed by Prince Krompreah Norodom Ranariddh: Chhim Siekleng, Om Rasadi, and Phang Lenghuot.

**Cambodia: Ranariddh To Become Monk in India
in May**

BK1803111296 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 17 Mar 96 pp 1, 2

[Report by Thmar Da-Dararit]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister, will leave politics briefly to become a monk as required by royal tradition. The prince krompreah has chosen India, Lord Buddha's

original country, as the place where he will become a monk. He will enter the monkhood one day in May.

After a meeting between the prince krompreah and Doctor G.S. Rajan, Indian ambassador to Cambodia on 14 March, Sun Kunthor, adviser to the prince krompreah, told reporters that "Prince Krompreah Norodom Ranariddh asked India to help prepare a place for him to become a monk at Bodh Gaya monastery in Bihar State, the place where Buddha attained enlightenment. This will take place one day in May."

Sun Kunthor also said that "two supreme patriarchs will accompany the prince krompreah and will officiate over the ordination ceremony there." The proposal of the prince krompreah was agreed to by Doctor G.S. Rajan; the date of the prince's stay in India has not been disclosed. However, the prince krompreah will be in the monkhood for about two weeks only.

It is still remembered that earlier the prince krompreah decided to enter the monkhood at Nuon Muniram monastery, or Vat Than, in Phnom Penh, where he and Prince Kromkhun Norodom Sirivut — who is in exile abroad — hosted a Kathin ceremony in 1995. The change in location is perhaps due to ongoing repair and construction work on the Buddha statue at Vat Than. If construction work were completed the prince krompreah would have entered monkhood on the 15th of the full moon in the month of Phalkun corresponding to 4 March.

Prince Krompreah Norodom Ranariddh is first prime minister and chairman of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], a heritage of his father, Prince Norodom Sihanouk, current king of Cambodia.

The decision to enter the monkhood in India in May is considered by analysts as a noteworthy change in the prince's policy. After this, everything is up to him whether to become king to succeed King Norodom Sihanouk or to continue politics in the 1998 election.

Although in his recent interview the king favored his son, Norodom Ranariddh, to become king, the prince krompreah later told reporters that "Our king is healthy and we should not talk about his successor. I will not be king."

Who will be acting first prime minister to lead the government with Samdech Hun Sen during the prince krompreah's absence? Who will be acting FUNCINPEC chairman? Answers to these questions are still a mystery. However, based on prince krompreah's statement at Pochentong airport to the CAMBODIA TIMES on 7 March, Prince Krompreah Norodom Ranariddh affirmed that he will leave Samdech Hun Sen in charge of Royal

Government affairs while he is absent; there is no need to appoint an acting first prime minister.

In this case the prince krompreah said that "I trust Samdech Hun Sen to carry on the work while I am away ... [ellipsis as printed] and if there are important things to decide he (Samdech Hun Sen) can always contact and consult with me ... [ellipsis as printed] Therefore, this is not a problem."

As for the party post, a high-ranking FUNCINPEC official told REAKSMEI KAMPUCHEA that "Loy Simchheang will probably be acting chairman" because he is the most trustworthy person who is currently party secretary-general.

This official further said that "the reason the prince krompreah decided to go into the monkhood in Bodh Gaya, Bihar, in May is because he wanted to get the FUNCINPEC Congress, scheduled for 21-22 March, out of the way first" and also to take part in the Cambodian new year.

Cambodia: Victories on Sisophon-Poipet Front Reported

BK1803030396 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 17 Mar 96

[Report from Sisophon-Poipet battlefield]

[FBIS Translated Text] On 13 and 14 March, the national army and people attacked and decimated enemy forces by assigning small guerrilla groups to snipe, detonate mines, attack the enemy from the rear, and cutting off enemy supply lines by using all sorts of strategic arms and tactics — punji stakes, booby traps, multi-pronged stakes, land mines, detonating mines, firing artillery shells into enemy positions, and launching frontal attacks. The result is as follows:

At Turnup Dach weir, we killed 35 enemy soldiers, including five sergeants, and wounded a number of them.

At Nong Ian, we killed 16 enemy soldiers, wounded 19 others, and set ablaze a T-54 tank. We also dug a one-meter deep and 1.5-meter wide hole on Mak Hoeun road, attacked enemy soldiers moving from Chramoh Chruk to Daeun Pring, and fired artillery shells into Daeun Pring position, killing seven enemy soldiers, wounding nine others, destroying two RPK rifles, three AK's, and two B-40's. We also sniped at the enemy soldiers at Daeun Chankiri, west of Mak Hoeun, Mak Hoeun, Rongvong Mul, and on Route 502, killing four enemy soldiers. We also planted 5,000 poisoned stakes, 17 antipersonnel mines, and 20 antitank mines, and fired

a 100-mm shell into Poipet, killing four enemy elements and wounding six others.

In sum, on 13 and 14 March, we killed or wounded 105 enemy soldiers and set ablaze a T-54 tank.

Due to repeated attacks by our national army and people, causing daily losses to the enemy, on 14 March, 45 enemy soldiers from the 11th Division deserted their ranks and fled back home to their wives and children — seven in the first group, 20 in the second group, and 19 in the third group.

Cambodia: Khmer Rouge Reports Government Losses on Route 10

BK1603123196 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 15 Mar 96

[FBIS Translated Text] At dawn on 12 March, the two heads mobilized about 1,000 routed troops and 25 tanks and sent them to attack our forces west of Treng. They launched this attack by sending eight tanks and infantry troops forward, while 17 other tanks fired artillery shells from the rear. Upon reaching Chi Neang village, they fell into our mine fields and strategic weapons networks. We detonated 20 mines successively, and our forces launched mobile attacks against them. The enemy forces fled but ran over our mines and punji stakes. We killed 26 enemy troops and wounded 30 others as a result.

At 1600 on the same day, the enemy sent infantry troops and tanks to renew their attack against us. When they reached an area northwest of Chi Neang, they again fell into our mine fields and punji networks. We detonated many 120-mm and other type mines, killing 20 enemy troops on the spot—including three battalion commanders—and wounding 30 others. The survivors and wounded fled but again ran over our punji stakes and mines, suffering 10 killed and 15 wounded. The remaining infantry troops and tanks retreated in disarray.

At the same time, a T-55 tank, two military trucks, and a tractor moving on Route 10 west of Treng ran over our mines and were all set ablaze in the explosion.

On 13 March, a car carrying enemy commanders from Treng to Chi Neang hit our mines. The car exploded and six commanders, including chief of staff officers and division commanders, were killed or wounded.

Indonesia

**Indonesia: Irian Jaya Rebels Free Hostage;
Europeans Still Captive**

*BK1603135096 Hong Kong AFP in English
1333 GMT 16 Mar 96*

[FBIS Transcribed Text] JAKARTA, March 16 (AFP) — Separatist rebels in Indonesia's easternmost province of Irian Jaya have released an Irianese who has been held hostage along with six Europeans and five Indonesians for more than three weeks, the military said Saturday.

"Abraham Wanggai was released at about 10:00 this morning (0100 GMT)," Captain Edi Sulistiadi of the provincial military headquarters in Jayapura said by telephone.

Sulistiadi could not give any details of how Wanggai, a local forestry official, was released nor where he now was.

He could also not say whether Wanggai was in good health.

A source close to the relief efforts said that the freed hostage was not in bad health and added that he believed Wanggai was flown to Timika in the southwest of Mapnduma where he was set free.

A group of the Free Papua Organization (OPM) took 26 people hostage in Mapnduma, in the central range of Irian Jaya on January 8. They have now released 15 of the hostages, including Wanggai.

Four British, two Dutch nationals and five Indonesians are still in the hands of the rebels.

Delegates of the International Committee of the Red Cross have already met with the captors twice last week but they have not been allowed to meet with the hostages.

The Red Cross delegates were last allowed to see the hostages by their captors on February 29. The office of the International Committee of the Red Cross in Jakarta could not be reached for comment.

OPM has been fighting for an independent Melanesian state in Irian Jaya since 1964, when the former Dutch colony of Western New Guinea became Indonesian territory.

Indonesia: Release of Irian Jaya Hostage Confirmed

*BK1703135296 Jakarta Radio Republik Indonesia
Network in Indonesian 1200 GMT 17 Mar 96*

[FBIS Translated Text] The Irian Jaya security disturbance movement [GPK] under the leadership of Kelly Kwalik and Daniel Yudas Kogoya has released a man

named Abraham Wanggai, dean of Irian Jaya's Cendrawasih University, after holding him hostage for over two months.

Brigadier General Amir Syarifudin, head of the ABRI [Armed Forces of the Republic of Indonesia] Information Center, confirmed the release of Wanggai in Sarubaya today. He said that Wanggai is now in Timika under going medical treatment, after having been in the jungles of Irian Jaya for quite some time. [remainder of report indistinct]

**Indonesia: Hundreds Riot After Arrival of
Separatist Leader's Corpse**

*BK1803074896 Hong Kong AFP in English
0730 GMT 18 Mar 96*

[FBIS Transcribed Text] JAKARTA, March 18 (AFP) — Hundreds of people rioted near the Irian Jaya capital of Jayapura Monday shortly after the arrival of the corpse of a separatist Irianese leader, who died in a Jakarta jail last week, sources said.

The rioters, including university students, burned and pelted buildings in the town of Abepura, damaging stores and vehicles. Lieutenant Colonel Maulud Hidayat of the Irian Jaya military told AFP from Jayapura.

Shots were heard in the unrests, a witness said.

**Indonesia: Three Killed as 'Thousands' Riot in
Irian Jaya**

*BK1803101996 Hong Kong AFP in English
0937 GMT 18 Mar 96*

[FBIS Transcribed Text] JAKARTA, March 18 (AFP) — Three people were killed and five others injured as thousands rioted near the airport of Jayapura, the capital of Irian Jaya province, a hospital source said by telephone Monday.

The riots broke out shortly after the body of separatist leader Thomas Wanggai, who died in a Jakarta jail last week, was flown in.

A nurse at the Abepura hospital, Voni (Eds: one name), said that three men "were already dead when they were brought to the hospital this morning," but did not give the cause of death.

Voni said that one of the three killed was from the military, but declined to give further information.

She added that one of the five injured people was taken to the Jayapura hospital "because he was seriously wounded," and that the four others had been discharged.

"The injured people were all local residents trying to flee the chaos in town. One man was injured jumping out of a burning building," Voni said.

The rioters, including students, burned and pelted buildings in Abepura, near the airport just south of Jayapura, Lieutenant Colonel Maulud Hidayat said from the provincial capital.

He said rioters damaged stores and vehicles, but that "we have not received any reports of injuries."

Shots were heard, a witness said, adding that the riots involved "4 to 5 thousand people."

A source at the Cendrawasih University in Abepura said that the unrest started Monday morning after security officials "including hundreds of anti-riot forces" prevented the crowd from paying its last respects to Wanggai.

The military "used tear gas and shot in the air" to try to disperse rioters, "but the situation got out of hand. The Abepura market has completely burned down, and the fire brigade is still trying to contain burning buildings now."

Hidayat said the unrest was limited to Abepura and had been controlled. He said at least four suspected rioters were in police custody.

Witnesses said the riots had spread to neighboring Abepura towns, including Jayapura.

Wanggai, who was serving a 20-year jail sentence for his activities in the separatist movement Free Melanesia, died in a Jakarta jail last Wednesday.

[Jakarta ANTARA in Indonesian at 1001 GMT on 18 March reports that a KOMPAS reporter was beaten up by the mob at the Jayapura's Sentani Airport when he was sent to cover the return of the Wanggai's remains.

ANTARA adds: "The crowd that welcomed the arrival of the remains then destroyed the vehicles found in the streets and caused a massive traffic jam along the airport access road."

Indonesia: Independent Election Monitoring Committee Launched

BK1603124596 Jakarta KOMPAS in Indonesian 16 Mar 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — Following a series of media debates by those who support and oppose the establishment of an independent election monitoring body, an organization calling itself the Independent Election Monitoring Committee [KIPP] was officially established in Jakarta on Friday (15 March)

morning with Gunawan Mohamed and Mulyana W. Kusumah as its president and secretary general.

Present at the inauguration ceremony, packed with journalists and nongovernmental organization activists, were: Nurkholis Majid, Arbi Sanit, Zumrotin, Ridwan Saidi, Mokhtar Pakpahan, Permadi, Ali Sadikin, and Princen, all of whom serve as members of the KIPP Advisory Board. Other members include: Adnan Buyung Nasution, Gaffar Rahman, Amartiwi Saleh, Arief Budiman, Dahlan Ranuwiharjo, Lukman Sutrisno, Marsilam Simanjuntak, Nursyahbani Kacasungkana, and Catholic priest Hardoputranto.

Gunawan said there are several points in the Election Law, namely the campaign procedure and duration, as well as the election process, which give the impression that elections are not contests supervised by a fair and impartial referee. [passage omitted]

Indonesia: Bandung Students Urge Cancellation of General Election

BK1603101596 (Internet) INDONESIA Listserv in Indonesian 16 Mar 96

[FBIS Translated Text] A rally organized by the Bandung Students and Youths Solidarity group began in the northern parking lot of the Pajajaran University at 1000 on 14 March 1996. The rally called for the cancellation of the 1997 general election.

About 150 youths and students from several universities in Bandung participated in the rally, which began with speeches by various speakers and was followed by an attempt to move to the streets at about 1100. Security authorities, however, armed with shields and rattan sticks, were ready to block the exit from the northern parking lot. The students then tried to leave via the southern exit, which was also blocked by security personnel, initially consisting of an antiriot security unit. Another unit, accompanied by two personnel carriers and a security force from the Bandung military garrison, also arrived at the scene.

In response, the students decided to occupy parts of the Dipati Ukur Road and delivered speeches to approximately 1,000 other students and members of the public. The students dispersed after they read their statement calling for the cancellation of next year's general election.

Laos

Laos: Party Chairman Opens Sixth Congress

BK1803101596 Vientiane Vitthayou Hengsat Radio Network in Lao 0102 GMT 18 Mar 96

[Speech by Khamtai Siphandon, chairman of the Lao People's Revolutionary Party Central Committee, delivered at the opening ceremony of the Sixth Party Congress at the meeting hall of the National Assembly in Vientiane on 18 March — live]

[FBIS Translated Text] Respected Presidium members, respected domestic and foreign guests, beloved delegates:

Amid an atmosphere in which our entire party and people are elated over significant successes achieved in many fields in carrying out the restructuring cause, today the Sixth Congress of the Lao People's Revolutionary Party [LPRP] is opened in an elegant manner. On behalf of the LPRP Central Committee and the Presidium of the congress, I would like to wholeheartedly express warm salutations and greetings to all delegates who represent more than 78,000 comrade party members throughout the country. [applause] I would like to express homage to senior Buddhist monks and extend wholehearted salutations and greetings to comrade senior cadres and party members and domestic guests who are attending our congress on this occasion. [applause] Our congress extends wholehearted salutations and welcomes the delegation of the Communist Party of Vietnam led by Comrade General Secretary Do Muoi, the delegation of the CPC led by Comrade Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat of the CPC Central Committee, which have brought to us the solidarity and friendship of comradeship and fraternity and support. [applause] We would like to extend a wholehearted welcome to the delegation of the Cambodian People's Party led by Samdech Chea Sim and the delegation of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] led by Prince Norodom Ranariddh, which have brought us the traditional solidarity and friendship of the Cambodian people. [applause]

In this solemn atmosphere with profound significance, our congress mourns beloved and respected President Kaysone Phomvihane — who took the lead in founding our party and carrying out the cause of restructuring in our country. Our congress also mourns other comrade party and state leaders who passed away during our two congresses, namely Comrade Souphanouvong, Comrade Phoumi Vongvichit, Comrade Phoun Sipaseut, and Comrade Sisomphon Lovansai — senior leaders in the first stage of our party, Comrade Somlat Chan-

thamat, Political Bureau member and head of the Propaganda and Training Board of the Party Central Committee, Comrade Ma Khaikhamphithoun, Comrade Chanmi Douangboudi, and Comrade Thonglai Kommasit, former members of the Party Central Committee, as well as cadres, party members, combatants, and people of all strata who sacrificed their lives for the lofty ideals of our party and nation. To express gratitude and mourning to the deceased comrades, I invite all comrades here to stand in silence for one minute.

Beloved comrades, in the recent years of implementing restructuring, in particular after the fifth party congress, the cause of building and expanding the popular democratic system has been carried out positively, and satisfactory achievements in many fields have been recorded. During preparations for this Sixth Party Congress alone, many significant campaigns have been launched in all work sectors. It is noteworthy that the campaign for making preparations for this congress was carried out in coordination with the consolidation of the party throughout the country. Domestic political life has been extensively and profoundly carried out. Many steps have been taken in carrying out the political campaign with a view to improving and perfecting our party in the political, ideological, and organizational fields. As a result, party members have been trained, and their levels of knowledge and attitudes have been raised as they have changed themselves on the path of progress. Another significant, outstanding point was the promotion and expansion of democracy within the party and in the entire society. This can be seen through the wide contribution of views by party members, cadres, representatives of people of all strata throughout the country to the draft political report and other significant congress documents. Promotion and expansion of democracy in this campaign marks a significant milestone in the political growth and development of our society. It has helped our party study and lay out direction and policies which conform to the aspirations of the people. Close, organic relations between our party and the masses has proved this. It has also clearly showed the concern and high spirit of responsibility of our party, as well as the multiethnic people of all strata, for the destiny and future of the country. The congress wholeheartedly hails the aforesaid political responsibility as a precious contribution.

Beloved comrades, this Sixth Party Congress is convened in an atmosphere of many political changes. Although international and regional situations are complicated and there have been changes in certain fields, the situations have generally created favorable conditions for us to continue building and developing our country. Many new factors have emerged in our country — fac-

tors which will serve as a basis for us to march forward step by step to achieve prosperity.

To further lead the country toward reaching the goals, our congress will review the restructuring cause and the implementation of the resolution of the fifth party congress. The congress will objectively assess both achievements and shortcomings. It will also clearly review experiences on the basis of distinguishing a common international trend from practical conditions of our country. The congress will adopt major plans and policies, and map out direction and duties in both domestic and foreign affairs with a view to continuing the fundamental direction for the establishment and expansion of the popular democratic system and for setting up a firm basis and outline for advancing to the 21st century. This congress will also discuss and endorse revised rules and regulations which will be used as significant tools in perfecting our party's organizational line in conformity with the political line aimed at making our party even stronger to serve as an explicit, genuine core in the political system under the popular democratic system. Another important duty of this congress is to elect the sixth Party Central Committee to lead the succeeding one; a group to maintain a high level of solidarity, unification, capabilities, and talents capable of leading our entire party and people to translate into reality the resolutions of this congress.

With the aforesaid duties, the Sixth Party Congress is considered to be an event of very great significance. It marks a new milestone of the growth and strength of our party along the path of building our country into a peaceful, independent, democratic, unified, and prosperous one. I hope that all comrade delegates here will attentively promote and expand their responsibility toward the party and the destiny of the nation by concentrating intelligence and energy on studying and making right decisions on various issues, thus enabling the congress to achieve glorious success.

On behalf of the Presidium, I hereby announce the Sixth Congress of the LPRP officially opened. Thank you. [applause]

Laos: Party Congress Expected To Endorse Economic Reforms

BK1803052496 Bangkok *THE NATION* in English
18 Mar 96 p A1

[Report by Kunlachada Chaiphiphat, Rita Pateyasewi]

[FBIS Transcribed Text] Vientiane — The ruling Communist Party of Laos today begins a three-day 6th Congress which will spell out a pathway to the future through continued economic liberalization under the firm grip of the party.

Diplomatic sources in Vientiane said the highlight of the congress would be the party's endorsement of a clear vision for the year 2000. They did not expect a repeat of the major reshuffle of the party's top echelon, the politburo, that characterized the last congress five years ago.

The 5th Congress saw late national hero Kaysone Phomviharn raised to the highest authority as head of state and the party's chairman, while then-deputy prime minister Khamtai Siphandon replaced Kaysone as prime minister.

Many competent leaders like Khampoui Keoboulapha were promoted into the politburo, while the old guard retired.

Changes at this congress were expected to amount to no more than the election of new politburo members to fill three slots left vacant since 1992 by the deaths of Kaysone, Deputy Prime Minister Phoun Sipaseut and the chief of the party's committee for propaganda and training Somlat Chanthamat.

Candidates include Foreign Minister Somsavat Lengsavat, Agriculture and Forestry Minister Gen Sisavat Keobounphan, Information and Culture Minister Onkan Thammatheva and the Minister for Communications, Transport, Post and Construction Phao Bounnaphon.

The sources were, however, uncertain whether President Nouhak Phoumsavan, the party's number-one man, would announce he was stepping down, allowing Prime Minister Khamtai Siphandon to move up into his place.

"If this is the case, the premiership will be contested by Deputy Prime Minister Khampoui Keoboulapha and Defence Minister Gen Choummali Sai-gnason," one diplomat said.

However, if there was to be change in this area, it was unlikely to occur during the congress, diplomats said. It was more likely to be announced at the National Assembly's 8th session, next month.

The three-day congress traditionally attracts high-level representatives from most of the remaining communist governments worldwide. However, conspicuously absent this time will be hardline socialist leaders North Korea and Cuba. Nor has Vientiane's former socialist patron, the former Soviet Union, sent a senior party official.

Lao national radio yesterday reported the arrivals of Vietnamese Communist Party chief Do Muoi and the secretary general of the Chinese Communist Party's central committee Wen Jiabao. Others included Cambodian First Prime Minister Prince Norodom Ranariddh

and the chairman of the Cambodian People's Party and House Speaker Chea Sim.

Foreign diplomats in Vientiane have been invited to attend the opening and closing sessions.

Diplomatic sources said the high-level of representation from neighbouring states reflected how much closer relations had become with Laos in recent years.

Laos: PASASON Editorial Welcomes Opening of Sixth Party Congress

BK1803084496 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 18 Mar 96

[PASASON editorial dated 18 March: "The Sixth Congress of The Lao People's Revolutionary Party—A New Milestone of The Leadership For the Country To Achieve Prosperity"]

[FBIS Translated Text] The Sixth Congress of the Lao People's Revolutionary Party [LPRP] was gallantly opened in Vientiane Capital today. It is an extremely important political event in the social life of our country. The multiethnic people of all strata nationwide are following the event with keen interest, which also draws the attention of our foreign friends because it represents a new milestone of our party's growth and expansion as well as the country's continuous advancement toward prosperity.

The congress is opened amid favorable circumstances both inside and outside the country. The international situation during the second half of the past decade has changed in a very complicated manner, sending out both favorable conditions for and challenges to our country's advancement. The party's correct line of restructuring has been energetically, extensively, and systematically implemented, thus bringing about changes in many aspects of our country.

Socioeconomic development was evidently fruitful. The national economy has continuously expanded at the annual rate of 4.8 percent from 1986 to 1990 and 6.4 percent from 1991 to 1995. The people's living conditions have been gradually improved. More importantly, we have secured new material and technical foundations and the infrastructure to facilitate the construction of a foundation and new steps for socioeconomic development in the years to come. In addition to the aforementioned economic achievement, important initiatives have also been made in the field of social development. Various social problems have been resolved through the immense endeavors and strength of the state and the entire society. Fine cultures, which represent the identities of the country and all ethnic groups, have been defended and further promoted and enriched.

We have managed to firmly defend national independence and sovereignty and to fundamentally secure social peace and order. Relations with foreign countries have been widened in many aspects and at different levels. Economic and trade relations and cooperation between our country and other countries in different parts of the world have been expanded in different forms and aspects. Our country's political stability is firm. The popular democratic system has been fostered, strengthened, and further validated. Multiethnic people have been unified and consolidated and are more confident in the party's leadership and guidance, as well as in the country's future.

The aforementioned achievements have clearly attested to the correctness of the restructuring line that we have courageously initiated in a timely manner. In this connection, President Kaysone Phomvihane, our revered leader, has made a great contribution, as he was the one who initiated the task of restructuring.

In preparation for the opening of this historic congress, several major emulation campaigns have been launched in all localities, grassroots units, and spheres of work nationwide to register new achievements to welcome the congress. These activities have shined the light on the people's support and confidence in our party. In particular, preparations for the opening of the congress have been carried out together with the improvement of the party organizations and the ranks and files of cadres and party members in all aspects through the continuous and step-by-step leading of in-depth political life.

To foster and further promote democracy in the party and society, we have brought the draft political report of the Party Central Committee, important documents to be presented to the Sixth Party Congress, and the problems related to personnel management to the party members, cadres, and representatives of the multiethnic people of all strata in society for discussion and recommendation. Through this democratic process, our party has been enabled to firmly grasp the people's opinions and aspirations, which provide the foundation for the revision of the party's plans and policies to ensure their correctness and practicableness.

Therefore, the guidelines, plans, and policies to be promulgated by the Sixth Party Congress are the cream of the wisdom that is based on the aspiration and interests of the multiethnic people of all strata in the entire country.

The Sixth Party Congress is deeply meaningful to our country because all the plans, policies, and guidelines to be formulated during the congress will secure the continuation of the comprehensive restructuring policy that was laid down by the Fifth Party Congress in a

more thorough and clarified manner that is compatible with the general trend of the era and the realities in our country.

The resolution to be adopted by the Sixth Party Congress will serve as the compass guiding us to exploit and strengthen the consolidated strength of the entire nation and the potential of our natural resources, coupled with our external strength, for the ceaseless development of our country.

The resolution of the six party congress will serve as a beacon for us to move toward the goal of building a peaceful, independent, democratic, unified, and prosperous Laos.

Considering the party's wisdom, competence, experience learned from lessons drawn from its leading role in the past, and deep sense of responsibility toward the country's destiny, we firmly believe that the Sixth Party Congress will be a new milestone leading the country to prosperity. The Lao people nationwide acclaim and wish it brilliant successes.

Long Live the Prestigious LPRP!

Thailand

Thailand: U.S. Told Not To Interfere in Taiwan

BK1603131896 Bangkok THE NATION in English
16 Mar 96 p A4

[Article by Phaisan Suriyawongphaisan, director of the International Understanding Program: "US Must Not Play Up Taiwanese Card"]

[FBIS Transcribed Text] Why has China opted to conduct missile tests and military exercises rather than adopt peaceful mechanisms to deter what it perceives as an attempt by President Li Teng-hui to lead Taiwan to independence? Why has the US attempted to intervene in China's domestic affairs? Why has President Li Teng-hui forsaken reconciliation with the mainland and is now challenging Beijing? The answer to all these questions is this: Washington is playing the Taiwan card against China.

Despite the collapse of the Soviet Union, the end of the Cold War and almost 50 years of anti-communist campaigns, the US still keeps a wary eye over communism, especially since China is still ruled by the Chinese Communist Party (CCP).

But more importantly, China is catching up with the US in almost every field. Several prominent American scientists predict that by 2010, China will be on equal footing with the US in all major scientific and technological fields.

At the same time, as based on World Bank and International Monetary Fund studies, China is expected to surpass the US and become the world's largest economy. The US does not need China to counter Russia's influence anymore. Therefore, if the CCP still continues to rule, China will be the biggest threat to the security of US. In short, China will be another superpower. This is the scenario accepted by some American technocrats, academics and politicians.

The next target of the US is the CCP, regardless of any consequences that its actions will have on China's population of 1.2 billion. The US does not care how many millions of Chinese will die or become refugees. Many Sinologists believe that the disintegration of China will result in the loss of 10 to 15 million lives and produce as many as 20 to 30 million refugees. Is the US prepared to accept at least 10 million Chinese refugees? Or will it just leave this gigantic burden to East Asian countries? Rebuilding China will take tremendous effort. Economists calculate that the world has to inject at least \$400 billion to rebuild China's economy. This does not cover the costs of medical treatment, loss of lives and homes, and destruction of infrastructure.

The US is well aware that China will not tolerate any attempt by Taiwan's leaders to make the island an independent state since it is an integral part of China. I believe the US would certainly not allow Hawaii or Texas to secede.

I, therefore, see no reason for the US, or any other country, to intercede since the series of missile tests and military exercises are totally part of China's domestic affairs.

I do not think that East Asian countries will interpret these as acts of intimidation. It is a dispute between brothers.

Should outsiders like the US interfere? Hasn't the US learned from Vietnam? The US government should not assume that it is just going up against the communist regime in China; it must realize that it will face 1.2 billion Chinese who do not want to see the disintegration of their homeland. Although some Chinese may hate the communist government, they all love their country.

They will unite and fight foreigners in the same manner as their ancestors did.

Beijing and Taipei would still be on the path of reconciliation had President Li Teng-hui not sought Washington's blessings for independence. In fact negotiations had been held in the mainland and Taiwan to narrow the two government's differences. They were on the verge of signing shipping and telecommunication agreements

that would have allowed ships from both sides to drop anchor in each other's port.

Direct telephone links had also been established. If not for US interference, a peaceful settlement of the dispute between the two governments might have been reached. And according to international and American laws, the US has no right whatsoever to interfere in China's domestic affairs since Washington recognizes Beijing as the seat of government of the Chinese people.

The US broke diplomatic ties with Taiwan after deciding to recognize China. In addition, the US indicated that it would uphold the "One China" policy during the signing of a joint declaration with the Chinese government in Beijing.

If Washington broke an international agreement, no country would trust the US.

I, like many Asians, do not want the US to enter the dispute as this could only worsen the situation. The deployment of US warships and aircraft carriers will only aggravate the tension. If US warships drop anchor in a Taiwanese port, China might use its neutron warhead to wipe out the entire US fleet. (China has indicated it would attack Taiwan if the government in Taipei declared independence and if another country intervened.) China has already declared clearly several times its intention for conducting missile tests and military exercises: "President Li Teng-hui must not pursue a course of independence if he wins the presidential election. And foreign nations, including the US, must not advocate any seditious efforts whether in Taiwan or Tibet."

This is of vital interest to China. It is a life and death situation for China and its 1.2 billion population. Any miscalculation on the part of the US could result in war, which China wants to avoid.

There is a possibility that war may spill beyond Chinese soil and that this might lead to the use of nuclear weapons.

Although China has fewer nuclear warheads than the US, it will be able to destroy many cities. The US can certainly retaliate, but will it be worth the risk?

The Beijing government sees the deployment of US naval forces as an act of provocation and intimidation towards China.

It also considers this an infringement on Chinese sovereignty. No country would tolerate that. If China brings this issue to US federal courts, there is a possibility that the ruling will be in favour of China and, obviously, against US military intervention since

Washington has no legal grounds to carry out this risky military maneuvering.

The best solution to this problem would be to let the Chinese resolve it themselves. The US must withdraw its forces from the area.

President Li Teng-hui must give up whatever plans he has for Taiwan's independence. And the US must not play up the issue of Taiwan or Tibet. President Jiang Zemin of China and President Li Teng-hui, or his successor, must confer and find the means for peaceful reunification which is the wish of every Chinese.

Thailand: Taiwan Envoy Seeks Aid To Ease Tensions With PRC

BK1603124796 Bangkok ZHONG HUA RIBAO
in Chinese 16 Mar 96 p 8

[Unattributed Report]

[FBIS Translated Text] Dr. Xu Zhiwei, representative of the Taiwan Economic and Trade Office in Thailand, said in a recent interview with TV correspondents that he hopes Thai Prime Minister Banhan Sinlapa-acha will be able during his upcoming visit to Mainland China to persuade Communist Party of China leaders to solve the China-Taiwan dispute peacefully and help ease tensions in the Taiwan Straits. If so, he will not only show himself to be a leader of ASEAN, but will also have a chance to be nominated for the Nobel Peace Prize.

Representative Xu said that if there is a war between the two sides, the CPC's achievements from its open economic policy in recent years will be destroyed in one day. Moreover, there may be problems in the peaceful and smooth transfer of Hong Kong to China in 1997. Britain may refuse to hand over Hong Kong on the excuse of protecting the safety of Hong Kong's six million people and its foreign investment.

In addition, representative Xu also cited Jiang Zemin's slogan "Chinese will not fight against fellow Chinese." If the CPC attacks Taiwan, it means that the CPC does not recognize the residents in Taiwan as Chinese people. This will force Taiwan to take a step toward seeking independence.

Vietnam

SRV Daily Calls Helms-Burton Bill on Cuba 'Insolent'

BK1803093196 Hanoi VNA in English
0652 GMT 18 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 18—The NHAN DAN daily today runs a commentary describing

the US Helms-Burton bill against Cuba as an insolent bill defying morality and the fundamental principles of international laws and running counter to the present world trend of free trade and cooperation for common development.

The commentary points out that the bill is in fact a scheme to internationalize the economic and trade embargo on Cuba. The bill is typical of Washington's policy of placing its laws higher than international law giving itself the right to interfere while ignoring a third country's sovereignty and the right to self-determination, the commentary says.

The US approval of this bill is a dangerous precedent in international relations for it challenges to not only one country but also the world as a whole.

The paper notes that right before it came into being the Helms-Burton bill aimed at tightening economic sanctions against Cuba stirring up a wave of protest in the international community. Latin-America, the Caribbean as well as Russia, China and even US allies Canada and 15 countries of the European Union all considered the passing of this bill as a grave mistake unacceptable in current times as it brazenly tramples under foot freedom in cooperative and trading relations among nations in the world, the commentary adds.

Although the United Nations General Assembly passed four resolutions condemning and requesting the US to stop its blockade against Cuba, the extreme right wing in the US is still pursuing its hostile policy. However, the Helms-Burton bill will not bring what Washington expects, NHAN DAN notes. It recalls that the US economic embargo against Cuba has lasted for 35 years now but the Cuban revolution still survives and has matured through hardships and trials caused by this hostile US policy.

"Once a victim of US embargo for many years, the Vietnamese people sympathize with the fraternal Cuban people, and believe that they will overcome this challenge soon," the paper stresses. "Sharing the voice of the progressive nations in the world, we call on the US to respect the Cuban people's sovereignty and self-determination and immediately put an end to its outmoded hostile policy against Cuba," NHAN DAN concludes.

SRV: Tonkin Working Group With PRC Meets; No 'Notable Progress'

BK1503084296 Hanoi VNA in English
0536 GMT 15 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 14 — The Sino-Vietnamese joint working group for the delineation

of the Bac Bo (Tonkin) Gulf held its sixth session in Beijing from March 5-8.

At the meeting, which took place in an atmosphere of friendship and frankness, the two sides discussed the scope, contents, and legal basis of the demarcation of the Bac Bo Gulf based on bilateral agreement on the fundamental principles to settle border and (territorial issues) reached by the two countries on Oct. 19, 1993.

The two sides signed the minutes of the working session on March 8 and agreed to convene the next session in (Vietnam in June) 1996.

All members of the working group were received on March 8 by Chinese Deputy Foreign Minister Tang Jiaxuan. Vietnamese Ambassador to China Dang Nghieng Hoang was present at the reception.

[Hong Kong AFP in English at 0549 GMT on 15 March in a similar reports adds: "Vietnamese and Chinese officials made no 'notable progress' earlier this week in Beijing to discuss the delineation of the territory in the Vinc Bac Bo (Tonkin Gulf) an official source said Friday. 'The exchange of views which took place from March 5 to 8 in Beijing were conducted in a frank and amicable atmosphere, but without producing any particular evolution,' an official responsible for the Frontier Commission in Vietnam told AFP."]

SRV Spokesman 'Regrets' Ranariddh Remarks on Border Issue

BK1603104796 Hanoi Voice of Vietnam in English
1000 GMT 16 Mar 96

[FBIS Transcribed Text] Vietnam Friday expressed its regret over Cambodian First Prime Minister Norodom Ranariddh's remark that the military solution may be found to solve the border problem.

The spokesman for the Vietnamese Foreign Ministry said Vietnam was investigating a report about the statement made by the Cambodian first prime minister and said if it is true, Vietnam extremely regrets over it, because it's not in accordance with the friendly relations between the two countries and with the agreement reached at high level talks. The spokesman reaffirmed that there has been no serious problems along the border between Vietnam and Cambodia.

In reply to foreign press about the Cambodian prince's statement, the spokesman pointed out that Vietnam's stance on the Vietnam-Cambodia border has been made clear in the ministry statement of 19 January and 7 March as well as in several speeches recently.

SRV: Do Muoi, Cambodia's Ranariddh Meet in Vientiane

*BK1803104296 Hanoi VNA in English
0708 GMT 18 Mar 96*

[FBIS Transcribed Text] Hanoi VNA March 18— Party General Secretary Do Muoi has said that Vietnam, Laos and Cambodia, which all share many similarities and were invaded by colonialism and imperialism, should rely on one another and work together for national reconstruction to be rid of poverty on the basis of mutual respect for independence and sovereignty.

Do Muoi was speaking at a meeting in Vientiane yesterday with Norodom Ranariddh, president of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] party and first prime minister of Cambodia, who is now in the Lao capital for the 6th Congress of the Lao People's Revolutionary Party (LPRP).

The Vietnamese leader, who is also in Vientiane for the same congress, expressed thanks to King Norodom Sihanouk and the Khmer people for their great support and assistance to the Vietnamese people in their struggle for national independence, freedom and reunification. He also highly appreciated the achievements recorded by the Cambodian Government and people in socio-economic restoration and development.

Prime Minister Norodom Ranariddh expressed his satisfaction at the constant development of Cambodia-Vietnam relations, especially since the official visit to Cambodia by Vietnamese President Le Duc Anh in August 1995 and a return visit to Vietnam by King Norodom Sihanouk in December last year.

He further expressed his hope that Cambodia and Vietnam will boost their bilateral cooperation in all areas, especially in agriculture and energy.

SRV: NHAN DAN Welcomes Opening of Sixth Lao Party Congress

*BK1803112996 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 17 Mar 96*

[FBIS Translated Text] Today, we are jubilantly sharing the common joy of the Lao communists and the fraternal multiethnic Lao people over an important political event now taking place in the country of beautiful Champa flowers, that is, the grand opening of the Sixth Congress of the Lao People's Revolutionary Party [LPRP] in Vientiane. On this occasion, today's NHAN DAN carries an editorial entitled "Warmly Greet the Sixth LPRP Congress." The editorial reads in part as follows:

Since its founding and its first congress on 22 March 1955, after more than four decades of hardship and

ordeals, the LPRP has taken up the glorious cause of the Indochina Communist Party by leading the multiethnic Lao people in a constant struggle crowned with glorious victories. With a great victory scored by the Lao Army and people on 2 December 1975, the LPDR came into being and the multiethnic Lao people embarked on a new era — an era of total independence and freedom in which the Lao people are truly the masters of their own destiny.

Amid a substantially changing and complex world situation, in recent years the LPRP has continued to be firm in its already-fixed policy lines, has creatively applied the principles of Marxism-Leninism and the experiences obtained by other countries into the actual Lao situation, and has determined political lines for building various revolutionary stages in a timely and scrupulous fashion. As a result, the party has been able to lead the multiethnic Lao people in further developing their revolutionary gains and overcoming countless difficulties and ordeals in scoring many great achievements in national defense and construction.

The Fourth LPRP Congress of 1986 set the reform process in motion, and the Fifth LPRP Congress of March 1991 brought to play and perfected by another important step those party ideas of achieving comprehensive renovation in accordance with the national situation and the aspirations of the multiethnic Lao people.

The congress determined the collective duty of the entire party and people, that is to continue an all-round reform process, to revamp unanimity and solidarity among the entire people on the basis of the worker-peasant-intellectual alliance under party leadership. These guidelines have been implemented actively over the past few years and have produced realistic results in all domains in Laos. Economic, managerial, and political systems have experienced positive changes for the better and are continuing to develop in a more stable fashion.

Vietnamese people are highly elated at the great achievements scored by the LPRP and the multiethnic Lao people in the cause of national construction and defense, and are very proud to find that special relations of traditional friendship and all-round cooperation between the two parties, two states, and two peoples of Vietnam and Laos — which were painstakingly cultivated by President Ho Chi Minh and by the two parties — continue to be consolidated and to achieve development in a more in-depth and effective fashion.

**SRV Ministers Questioned by National Assembly
Deputies**

*BK1603150596 Hanoi Voice of Vietnam in English
1000 GMT 16 Mar 96*

[Unattributed report on Ninth National Assembly's ninth session; date and place not given]

[FBIS Transcribed Text] At the current National Assembly session, ministers and members of the government answered 78 questions raised by the deputies on socio-economic situation, the balance of the state budget, and the fight against waste, corruption, and embezzlement.

Minister of Finance Ho Te had this to say about the state budget revenue and expenditure, the domestic and foreign debt, and other questions leading to state budget deficit:

[Begin Ho Te recording in Vietnamese fading into English translation] I have to admit that there remained lot of shortcomings in planning and performing. Beside ineffective use of finance which remains popular, there are lot of waste in spending money on protocol meetings and festivities. The Finance Ministry admitted its shortcomings and would apply effective measures to overcome state budget deficit [end recording].

In replying to deputies' questions about activities of the banking system, State Bank Governor Cao Sy Kiem said: Initial achievement of the banking system would help boost the economy and cure inflation. We have also dealt with credit loan, control of negative aspects in banking operations, reduction of loan interest rate, encouragement of production through the expansion of turnover tax, reduction of banking fee, and checking of inflation rate, to ensure profit and measures to cope of shortage of capital.

For his part, Health Minister Do Nguyen Phuong said: [Begin Do Nguyen Phuong recording in Vietnamese fading into English translation] The strategy on health care for people till the year 2000 affirms the need to carry out primary health care, provide the health services to community, and assure equal access of all people to health care and treatment. To get this done, local health centers must be upgraded. It is necessary to achieve the target that each commune has two doctors. Priority should be given to the staff working in remote and out-of-the-way regions, and enrollment to medical colleges [end recording].

Minister of Labor, War Invalids and Social Welfare Tran Dinh Hoan presented a policy towards those who had rendered good services to the revolution, and martyrs' families. Minister of Education and Training Tran Hong Quan said: The state is trying to upgrade

school facilities to improve education quality with overseas loan.

Minister in charge of fighting corruption, Mr. Nguyen Ky Cam answered questions on punishment on those who caused the cement fever and rice smuggling across the border.

Meanwhile, Minister of Culture and Information Tran Hoan dealt with questions on the fight against illegal contents of cultural work, and measures to build a modern culture with traditional characteristics.

**SRV National Assembly Continues To Vote on
Cooperatives Bill**

*BK1603142896 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 16 Mar 96*

[FBIS Translated Text] National Assembly deputies today continued to vote on the cooperatives bill at the conference hall. The bill was revised and supplemented from the draft cooperatives bill after taking into account the views of deputies. National Assembly Vice Chairman Nguyen Ha Phan chaired the meeting, while the deputies gave their views on each article of the various chapters of the bill.

At the end of the afternoon session, the deputies passed six chapters of the bill. The National Assembly will be in recess on Sunday and will continue to work on the passage of the bill on Monday, 18 March, at the Conference Hall.

**SRV Finance Ministry Issues Circular on ASEAN
Tariff System**

*BK1703103096 Hanoi VNA in English
0631 GMT 17 Mar 96*

[FBIS Transcribed Text] Hanoi VNA March 17— Vietnam's Finance Ministry has issued detailed instructions for the country's participation in the ASEAN system of preferential tariffs.

The circular, number No. 16-TC/TCT, details instructions to execute government decree No. 91/CP, dated December 18, 1995, governing the list of items to be included in ASEAN's programme of Common Effective Preferential Tariffs (CEPT) which took effect on January 1 1996.

The circular stipulates that in order to qualify for tariffs under Article 2 of the decree import goods from ASEAN member countries must meet the following requirements:

They must be included in the list accompanying the decree; must be of certified product quality under the CEPT and be accompanied by a Certificate of Origin

(C/O) from an ASEAN country and be eligible for tariff reductions under CEPT, while the exporting country must levy a tariff of no more than 20 per cent on imports of the same product.

Organisations and individuals importing goods that meet these conditions must produce a C/O from an authorised agency of the exporting country for Vietnamese customs inspection. Such authorised agencies include Brunei's Ministry of Industry and Resources, Indonesia's Ministry of Trade, Malaysia's Ministry of Trade and Industry, the Philippines' Customs Department, Singapore's Council of Trade Development, Thailand's Trade Ministry Preferential Trade Department and Vietnam's Ministry of Trade.

The circular explains the types of goods eligible for preferential tariffs and offered advice for customs officials on how to recognise authentic C/O's issued by eligible ASEAN countries.

Detailed regulations governing taxes, collection procedures, reporting, import reductions and exemptions, tax returns, and penalties for violations are all included in the circular.

SRV Officials Mark Debut of Vietnam Steel Corporation

BK1803093096 Hanoi VNA in English
0652 GMT 18 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 18— The Vietnam Steel Corporation made its debut on March 16 under a decision by the prime minister.

The ceremony was attended by, among others, Politburo member and National Assembly Vice Chairman Mr. Nguyen Ha Phan, Deputy Prime Minister Tran Duc Luong, and Industry Minister Mr. Dang Vu Chu.

The Vietnam Steel Corporation (VSC) comprises 17 members and is a business group responsible for the development of the country's steel industry. It has two major tasks: to raise its total output to between 2.5 and three million tonnes by the year 2000, and between seven and 7.5 million tonnes by 2010 in order to meet the country's increasing demands.

SRV: Completion of Cement Plant Pushed Up Due to Demand

BK1703160596 Hanoi VNA in English
1347 GMT 17 Mar 96

[FBIS Transcribed Text] Hanoi VNA March 17—The construction of the Chin Fon-Hai Phong Cement Plant, a joint venture between the Chin Fon Group of Taiwan and Vietnam, is being accelerated to make its first 1.4-

million-ton production line available for trial operation in October this year.

"One of the driving forces for early completion of the joint venture is the growing demand for construction materials, especially cement which is estimated to increase to 20 million tons by the turn of this century from 5 million tons in 1995," Feng Deng Quo, director-general of the Chin Fon-Hai Phong Cement Plant told a group of VNA journalists who visited the port city of Haiphong early this month.

The venture involving three shareholders of Chin Fon, Hai Phong City and the Vietnam Cement Corporation was set up last year with a combined investment capital of USD 288.3 million in the first phase to which the foreign partner contributed 70 percent.

The joint venture, one of the largest projects in Vietnam since its law on foreign investment was made public over eight years ago, will be developed in the second phase with the aim of raising its total annual capacity to 2.4 million tons of cement. This will be about two-fold higher than the capacity of any major cement plants in the country at present such as Hoang Thach, Bim Son and Ha Tien which produces over one million tons of cement per year each.

The construction of the Chin Fon-Hai Phong Cement venture, which has a duration of 50 years, began on May 13, 1995 on a total area of 85 hectares. In a chat with the VNA journalists, Mr Feng said "We are proud of contributing to the national construction in Vietnam". "Vietnam's economy has been changing rapidly after it left its door open to the world", the director-general added.

SRV: Do Muoi Stresses Industrialization With Local Leaders

BK1503140996 Hanoi Voice of Vietnam in English
1000 GMT 15 Mar 96

[From regular feature "Talks of the Week"]

[FBIS Transcribed Text] Party General Secretary Do Muoi has discussed with party leaders of 14 provinces and cities in Northern and Central Vietnam preparations for provincial and city party congresses prior to the Eighth National Party Congress.

Over the last five years, the party committees and people in the 14 provinces have overcome numerous difficulties and challenges to obtain an annual economic growth of between 6.8 and 13 percent, ensuring political security, social safety, and the improvement of people's life.

In this current five-year plan from 1996 to the year 2000, the provinces and cities are expected to obtain

a GDP [Gross Domestic Product] of over 10 percent. Many are committed to rid themselves of poverty and backwardness. In order to meet these targets, the focus of the discussion is on the ways to promote industrialization and modernization, first of all in the agricultural and rural development.

After listening to reports, Party Leader Do Muoi pointed out the important achievements obtained over the last five years which show the party's renovation was correct, conforming to economic laws and meeting people's aspirations. However, with the current level of socioeconomic development, the whole country, in general, and these provinces and cities, in particular, cannot get rid of poverty. Agriculture makes up a large share of the economy and national productive forces are weak. Infrastructure remains poor and not effectively used. National resources are not efficiently exploited.

Mr. Do Muoi stressed that priorities now should be given to industrialization of agricultural production and rural development. Industrialization will generate more jobs for the working people and improve their income. He also drew attention to the development of light industry to solve domestic consumption in both rural and urban areas and for export. He urged the provinces to renew, consolidate, and develop productive relations. He said attention should be paid to consolidating the state

and collective economic sectors in all industrial, agricultural, and servicing activities, making them the core to cement relations between industry and agriculture and between urban and rural areas.

Industrialization and modernization needed great funds, he said, adding the largest and decisive funds are self-generated and domestic funds.

Relating to the management mechanism, Mr. Do Muoi asked the provincial leaders to be concerned with both planning and marketing aspects. He repeated the party's determination to develop a socialism-oriented market mechanism under the state management. It means that there is a combination between planning and the market mechanism. If this relation was working well, it would help reduce the negative social impact of the market mechanism such as the polarization of the rich and the poor, the gap between rural and urban, and between the plain and the mountain areas.

Finally, he stressed the human resources were the main factor deciding the success of industrialization. Therefore, he said further efforts should be made in improving education and training to supply the country with more capable people with the morality can meet the need of industrialization and modernization.

Australia

Australia Plans To End Policy Limiting Uranium Production

LD1503115696 Melbourne Radio Australia
in English 1100 GMT 15 Mar 96

[FBIS Transcribed Text] The new Australian Government is poised to end the controversial policy limiting the production of uranium to three mines, despite strong protests from environmental groups. Deputy Prime Minister and Trade Minister Tim Fischer says he has no concerns about expanding Australia's uranium exports and the government will develop the industry well beyond its current capacity. Mr. Fischer says nuclear energy, provided it is properly safeguarded, is far cleaner than coal-generated electricity. He says nuclear energy generates wealth and jobs for all Australians, whether they live comfortably in southern cities or do the actual hard work of mining in remote tropical regions of northern Australia. Green groups have written to Prime Minister John Howard protesting at the possibility of Australia selling uranium for use in proposed nuclear power stations in Indonesia.

Australia: Howard Announces Specialist Cabinet Committees

BK1703091796 Melbourne Radio Australia
in English 0500 GMT 17 Mar 96

[FBIS Transcribed Text] Australian Prime Minister John Howard has announced the membership of five specialist cabinet committees that will cover economics, expenditure review, national security, legal matters, and parliamentary business. Mr. Howard says he will chair all but the parliamentary business committee, which will be headed by government Senate Leader Robert Hill. The prime minister has also beefed up his privatization plan by appointing the minister for schools, David Kemp, to assist the finance minister in relation to privatization.

In a statement released in Canberra, Mr. Howard also confirmed that Governor General Sir William Deane will officially open the new session of parliament on 13 April.

New Zealand

New Zealand Treasury Figures Show Surplus

BK1803081596 Christchurch THE PRESS in English
9 Mar 96

[Unattributed Report: "Government \$1 billion ahead of forecast" — received via Internet]

[FBIS Transcribed Text] Government finances were more than \$NZ1 billion better than forecast for the

seven months ending January 31, according to Treasury figures.

The Crown operating balance recorded a surplus of \$2.643b, compared with the surplus of \$1.562b which was forecast last December.

For the same seven-month period in the 1994-95 fiscal year, a surplus of \$2.124b was recorded. Of the margin over the forecast, Treasury said that about \$300 million was due to timing factors which would have reversed by the end of 1995-96.

Foreign exchange gains, which are not included in forecasts, were responsible for \$279m of the better-than-forecast result.

Tax revenue was \$341m higher than forecast, while the Government expenses were \$104m less than forecast.

The latest figures also showed that net public debt stood at \$31.175b at the end of January.

This was \$1.406b lower than at June 30.

As a ratio to GDP, net public debt dropped from 37.5 per cent to 35.6 per cent over this period.

The Government is committed to reducing net public debt to below 30 per cent of GDP during the 1996-97 fiscal year, when the first stage of its tax-cut package takes effect.

Solomon Islands

Solomon Islands Government Announces Relations Review

LD1503142396 Melbourne Radio Australia
in English 0700 GMT 15 Mar 96

[FBIS Transcribed Text] The Solomon Islands Government has announced a review of its international relationships as part of an economy drive. The review announced by Foreign Minister and Deputy Prime Minister Danny Philips is to cover institutions and organizations as well as countries. He says if Solomon Islands hasn't derived any benefit from such relations, especially those where a direct cost is involved, then the government must seriously look at why such a relationship should continue.

Solomon Islands Deputy Prime Minister on Malaysian Trade Ties

BK1703093496 Melbourne Radio Australia
in English 0500 GMT 17 Mar 96

[FBIS Transcribed Text] Solomon Islands' Deputy Prime Minister Danny Philips has described the visit to Honiara by a high-level Malaysian delegation as a

clear demonstration that Malaysia wants to promote cooperation and dialogue between the two countries. Mr. Philips says he is confident that this growing pattern of cooperation will develop from strength to strength into the future. The Malaysian delegation visited the Solomons to strengthen trade and economic relations

and to enhance cooperation in the forestry and timber sector. Mr. Philips says the visit, which he described as timely, would enhance more inward-investment trade between Malaysia and Solomon Islands.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.

